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Contract No.: 542-9029-1

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Agreement to Supply: Delinquent Account Collection Services

This agreement, made and entered into this the 1st day of August, 2004, by and between the **CITY OF FORT LAUDERDALE**, a municipal corporation of Florida, City Hall, Fort Lauderdale, FL 33301, hereafter called the "City" and

Name of **CONTRACTOR:** Penn Credit Corporation

Address: 916 South 14th Street City: Harrisburg State: PA Zip: 17108

A Corporation ☒ A Partnership ☐ An Individual ☐ Other: ☐

authorized to do business in the State of Florida, hereinafter called the "Company or Contractor" Witnesseth that: Whereas, the City did advertise and issue an Invitation to Bid (ITB) or Request for Proposal (RFP) for supplying the requirements of the City for the items and/or service listed above for a period of three (3) years and the Contractor submitted a proposal/bid that was accepted and approved by the City.

Formal authorization of this contract was adopted by the City Commission on: July 7th, 2004 (Pur-5)

Now, therefore, for and in consideration of the premises and the mutual covenants herein contained, the parties covenant and agree as follows:

1. The Company agrees to sell to the City and the City agrees to buy from the Company, during the period beginning 08/01/04 and ending 07/31/07 for the requirements listed above and according to the following specifications, terms, covenants and conditions:

a. The Legal Advertisement, Invitation to Bid/Request for Proposal containing General Conditions, Instructions to Bidders, Information for Bidders, Special Conditions, Specification, addenda, and/or any other attachments forming a part of ITB/RFP Number 542-9029 and the Contractor's bid in response, form a part of this contract and by reference are made a part hereof.

b. In construing the rights and obligations between the parties, the order of priority in cases of conflict between the documents shall be as follows:

- 1) This contract Form G-110, Rev. 12/00
- 2) The City's ITB/RFP and all addenda thereto
- 3) Contractor's bid/proposal in response to the City's ITB/RFP

c. **Warranty:** The Company by executing this contract embodying the terms herein warrants that the product and/or service that is supplied to the City shall remain fully in accord with the specifications and be of the highest quality. In the event any product and/or service as supplied to the City is found to be defective or does not conform to specifications the City reserves the right to cancel that order upon written notice to the Contractor and to adjust billing accordingly.

d. **Cancellation:** The City may cancel this contract upon notice in writing should the Contractor fail to reasonably perform the service of furnishing the products and/or services as specified herein upon 30 days written notice. This applies to all items of goods or services.

e. **Taxes Exempt:** State Sales (#16-03-196479-54C) and Federal Excise (#59-600319) Taxes are normally exempt, however, certain transactions are taxable. Consult your tax practitioner for guidance where necessary.

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f. Invoicing: Contractor will forward all invoices in duplicate for payment to the following: Finance Department, 100 N. Andrews Avenue, 6th Floor, Fort Lauderdale, FL 33301. If discount, other than prompt payment terms applies, such discount MUST appear on the invoice.

2. Contract Special Conditions: The following special conditions are made a part of and modify the standard provisions contained in this contract Form G-110.

3. Contract Summary:

a. Attachments:

Copy of vendor proposal, addendum#1 dated 4/30/2004 and a blank copy of the bid specifications and addendum

b. Payment Terms:

Per RFP

c. Delivery:

Per RFP

d. Insurance:

Yes ☒

No ☐

e. Performance Bond/Letter of Credit:

Yes ☐

No ☒

f. Procurement Specialist's Initials:

LW *[Signature]*

4. Contractor's Phone Numbers:

Office: (800) 800-3328

Mobile:

5. Contractor's Fax Number:

(717) 238-1370

6. Contractor's E-Mail Address:

richardtemplin@penncredit.com

Website: www.penncredit.com

City of Fort Lauderdale

[Signature]

Assistant City Attorney (approved as to form)

Date:

8/12/04

By:

[Signature]

Assistant Director Administrative Services (Acting City Manager's Designee)

Auth: Sec. 2-180(8) of Code and Procurement Memo No. 04-03

Date:

9/23/2004

Contractor/Vendor

[Signature]

Name of Company Officer (please type or print)

By:

[Signature]

Authorized Officer's Signature

Title:

President

Date:

July 17, 2004

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ADDENDUM TO AGREEMENT TO SUPPLY DELINQUENT ACCOUNT COLLECTION SERVICES, EXCLUDING FIRST PLACEMENT PARKING CITATION COLLECTION, BETWEEN THE CITY OF FORT LAUDERDALE, A FLORIDA MUNICIPAL CORPORATION, AND PENN CREDIT CORPORATION

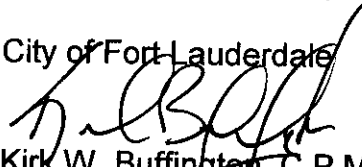
The City of Fort Lauderdale, a Florida municipal corporation, ("City"), and Penn Credit Corporation, ("Penn Credit"), hereby incorporate this Addendum into the Agreement to Supply Delinquent Account Collection Services, Excluding first placement Parking Citation Collection, effective August 1, 2004, to wit:

1. Penn Credit shall remit to the City on or before the fifteenth day of each month the gross amount collected for the previous month. A failure of Penn Credit to remit to the City on or before the fifteenth day of any month the gross amount collected for the previous month shall be deemed a material breach of this Agreement and shall constitute grounds for the City unilaterally to terminate immediately this Agreement.

2. In addition to other insurance requirements, Penn Credit shall, upon execution of this Agreement, provide to the City a certificate of commercial crime insurance with a reputable insurance company authorized to issue insurance policies in the State of Florida, subject to approval by the City's risk manager, in an amount not less than \$250,000. All required insurance policies shall name the City of Fort Lauderdale, a Florida municipal corporation, as an additional insured. In addition, the commercial crime insurance shall name the City of Fort Lauderdale, a Florida municipal corporation, as the loss payee. It shall be a condition of this Agreement that Penn Credit maintain in effect during the term of this Agreement all required insurance. Penn Credit shall provide to the City at least thirty (30) days' written notice by registered mail, return receipt requested, addressed to the City's risk manager, prior to cancellation or modification of any required insurance.

IN WITNESS WHEREOF, the City and Penn Credit execute this Addendum to Agreement to Supply Delinquent Account Collection Services, Excluding Parking Citation Collection, by their respective authorized representatives, as follows:

City of Fort Lauderdale


Kirk W. Buffington, C.P.M.
Assistant Director, Administrative Services
(City Manager's Designee)

Date: 10/19/2004

Penn Credit Corporation


Richard S. Templin
President

Date: 8/4/2004

BUSINESS ASSOCIATE AGREEMENT

This Agreement is made and entered into this _____ day of _____, 2004, by and between the City of Fort Lauderdale, a Florida municipal corporation (hereinafter referred to as the "Covered Entity" or "City") and Penn Credit Corporation, a Pennsylvania corporation authorized to transact business in the state of Florida (hereinafter referred to as "Business Associate").

WHEREAS, the Covered Entity and the Business Associate have established a business relationship in which Business Associate, acting for or on behalf of Covered Entity but not as a health care provider, receives Personal Health Information as defined by the Health Insurance Portability and Accountability Act of 1996 ("Act"); and

WHEREAS, the Covered Entity and the Business Associate desire to comply with the requirements of the Act's Privacy Rule as further set out below.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements set forth herein, the Covered Entity and the Business Associate agree as follows:

1. Definitions

a. Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the Privacy Rule, as codified in 45 Code of Federal Regulations Section 164.501, *et seq.*, as may be amended.

2. Obligations and Activities of Business Associate

a. Business Associate agrees to not use or disclose Protected Health Information other than as permitted or required by the Agreement or as required by law.

b. Business Associate agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by this Agreement.

c. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.

d. Business Associate agrees to report to Covered Entity any use or disclosure of the Protected Health Information not provided for by this Agreement of which it becomes aware.

e. Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or

created or received by Business Associate on behalf of Covered Entity, agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information.

f. Business Associate agrees to provide access, at the request of Covered Entity, and in a reasonable time and manner, to Protected Health Information in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 C.F.R. § 164.524, if the Business Associate has Protected Health Information in a designated record set.

g. Business Associate agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that the Covered Entity directs or agrees to pursuant to 45 C.F.R. § 164.526 at the request of Covered Entity or an Individual, and in a reasonable time and manner, if Business Associate has protected health information in a designated record set.

h. Business Associate agrees to make internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Covered Entity, or to the Secretary, in a reasonable time and manner or as designated by the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule.

i. Business Associate agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

j. Business Associate agrees to provide to Covered Entity or an Individual, within ten (10) business days of receipt of a written request from the Covered Entity or an Individual, information collected in accordance with Section 2.i of this Agreement, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

3. Permitted Uses and Disclosures by Business Associate

a. Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information on behalf of, or to provide services to, Covered Entity for the purposes set forth in the Agreement to Supply Delinquent Account Collection Services between the City of Fort Lauderdale and Penn Credit Corporation ("Original Contract"), if such use or disclosure of Protected Health Information would not violate the Privacy Rule if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity.

4. Specific Use and Disclosure Provisions

a. Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.

b. Except as otherwise limited in this Agreement, Business Associate may disclose Protected Health Information for the proper management and administration of the Business Associate, provided that disclosures are Required By Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

c. Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information to provide Data Aggregation services to Covered Entity as permitted by 45 C.F.R. § 164.504(e)(2)(I)(B).

d. Business Associate may use Protected Health Information to report violations of law to appropriate Federal and State authorities, consistent with 45 C.F.R. § 164.502(j)(1).

5. Obligations of Covered Entity

a. Covered Entity shall notify Business Associate of any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 C.F.R. § 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of Protected Health Information.

b. Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by Individual to use or disclose Protected Health Information, to the extent that such changes may affect Business Associate's use or disclosure of Protected Health Information.

c. Covered Entity shall notify Business Associate of any restriction to the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 C.F.R. § 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of Protected Health Information.

6. Permissible Requests by Covered Entity

a. Covered Entity shall not request Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if done by Covered Entity. If necessary in order to meet the Business Associate's obligations under the Agreement to Supply Delinquent Account Collection Services between the City of Fort Lauderdale and Penn Credit Corporation, the Business Associate may use or disclose protected health information for data aggregation or management and administrative activities of Business Associate.

7. Term and Termination

a. The Term of this Agreement shall be effective as of date of execution by the second of the two parties, and shall terminate when all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy Protected Health Information, or if it is illegal to destroy Protected Health Information, the protections are extended to such information, in accordance with the termination provisions in this Section.

b. Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:

1. Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement and the Original Contract if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;

2. Immediately terminate this Agreement and the Original Contract if Business Associate has breached a material term of this Agreement and cure is not possible; or

3. If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.

c. Effect of Termination

1. Except as provided in paragraph (2) of this section, upon termination of this Agreement, for any reason, Business Associate shall return, or destroy, except as prohibited by the Florida public records law, all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

2. In the event that Business Associate's return or destruction of the Protected Health Information would be infeasible or illegal, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible or illegal. Upon Covered Entity's concurrence that return or destruction of the Protected Health Information would be infeasible or illegal, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible or illegal, for so long as Business Associate maintains such Protected Health Information. At all times Business Associate shall comply with the Florida public records law and exemptions therefrom.

8. Miscellaneous

a. A reference in this Agreement to a section in the Privacy Rule means the section as in effect or as amended.

b. The Parties agree to take such action as is necessary to amend this

Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy Rule and the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191.

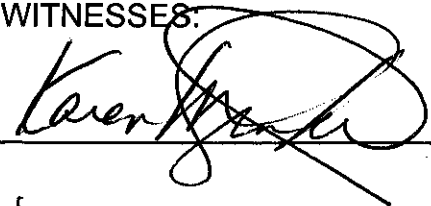
c. The respective rights and obligations of Business Associate under Sections 7(c)(1) and 7(c)(2) of this Agreement shall survive the termination of this Agreement.

d. Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the Privacy Rule.

e. Business Associate shall indemnify, hold harmless, and defend, at Business Associate's expense, counsel being subject to Covered Entity's approval, the Covered Entity, and Covered Entity's officers, employees, agents, and subcontractors against any actual and direct losses suffered by the Indemnified Party(ies) and all liability to third parties, including the United States Government, arising out of or in connection with Business Associate's or Business Associate's officer's, employee's or agent's breach of this Agreement or any negligent or wrongful act or omission by Business Associate or any of Business Associate's officers, employees, or agents, including Business Associate's failure to perform its obligations under the Privacy Regulations. The Business Associate shall reimburse the Indemnified Party(ies) for any and all actual expenses, fines, and penalties, including court costs and reasonable attorney's fees, which may be imposed upon any Indemnified Party(ies) by reason of any suit, claim, action, proceeding, judgment, or demand by any third party resulting from or arising out of the Business Associate's or Business Associate's officer's, employee's, or agent's breach of this Agreement or other act or omission.

IN WITNESS WHEREOF, the parties have set their hands and seals the day and year first written above.

WITNESSES:



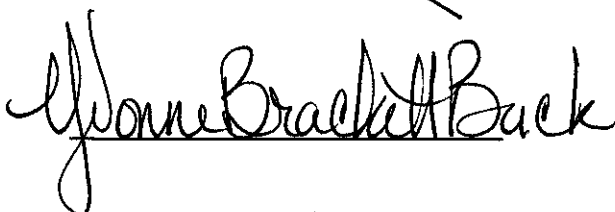
CITY OF FORT LAUDERDALE

By 
Assistant Director
Administrative Services

By 
City Manager

ATTEST:


City Clerk


(CORPORATE SEAL)

Approved as to form:

Paul Barzil
Assistant City Attorney

WITNESSES:

Penn Credit Corporation

Tracy Grohman
Appointed Receiver
(CORPORATE SEAL)

By [Signature]

ATTEST:

[Signature]

STATE OF Pennsylvania :
COUNTY OF Dauphin :

The foregoing instrument was acknowledged before me this
3rd day of August, 2004, by Richard S. Templin and
Bruce Hower, as President and
V.P. of Operations, respectively, of Penn Credit Corporation, on behalf of the
corporation. They are personally known to me or have produced
personally known as identification.

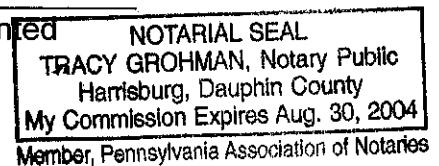
(SEAL)

Tracy Grohman
Notary Public,
(Signature of Notary taking
Acknowledgment)

Tracy Grohman
Name of Notary Typed, Printed
Or Stamped

My Commission Expires:

8.30.04
Commission Number





ERIE
INSURANCE
GROUP

100 Erie Ins. Pl.
Erie, PA 16530

RENEWAL CERTIFICATE

ERIE INSURANCE COMPANY
COMMERCIAL CRIME POLICY

AGENT		ITEM 2. POLICY PERIOD	POLICY NUMBER
AA7605 FARNHAM INSURANCE AGY		06/15/04 TO 06/15/05	Q90 6550026 H
ITEM 1. NAMED INSURED AND ADDRESS		ITEM 3. OTHER INTEREST	
PENN CREDIT CORPORATION 916 S 14TH ST HARRISBURG PA 17104-3425			

POLICY PERIOD BEGINS AND ENDS AT 12.01 A.M. STANDARD TIME AT THE STATED ADDRESS OF THE NAMED INSURED.

LOCATION OF THE PREMISES IS THE SAME AS ABOVE EXCEPT AS FOLLOWS -

COUNTY - DAUPHIN

CLASS - 611 TERR - 205

THE BUSINESS CONDUCTED BY THE NAMED INSURED AT THE PREMISES IS -
CREDIT COLLECTION AGENCY

TOTAL ANNUAL PREMIUM - - - \$ 950.

SCHEDULES - AA7605 FARNHAM INS AGY

*09-04-950
No change in prem*

EMP - 10 DEV - 100

JAD/U

APPLICABLE FORMS - SEE SCHEDULE OF FORMS

001003

(SEE REVERSE SIDE)

SEE REVERSE SIDE
RETURNED CHECK FEES WILL BE ADDED TO YOUR ACCOUNT

06/15/04

SCHEDULE OF COVERAGE FORMS

THIS INSURANCE IS SUBJECT TO ALL APPLICABLE TERMS OF THE POLICY AND ATTACHED FORMS AND ENDORSEMENTS. THIS INSURANCE APPLIES TO THE COVERAGES DESCRIBED BELOW.

COVERAGE FORMS FORMING PART OF THIS POLICY	LIMITS OF PROTECTION	DEDUCTIBLE AMOUNT	PREMIUM
FORM A - EMPLOYEE DISHONESTY COV FORM	\$ 250,000.	\$ NIL	\$ 950.
FORM B - FORGERY OR ALTERATION COV FORM	\$ N/A	\$	\$
FORM C - THEFT, DISAPPEARANCE, AND DESTRUCTION COVERAGE FORM			
SECTION 1-INSIDE THE PREMISES	\$ N/A	\$	\$
SECTION 2-OUTSIDE THE PREMISES	\$ N/A	\$	\$
FORM D - ROBBERY AND SAFE BURGLARY COVERAGE FORM			
SECTION 1-INSIDE THE PREMISES	\$ N/A	\$	\$
SECTION 2-OUTSIDE THE PREMISES	\$ N/A	\$	\$

ADDITIONAL COVERAGE FORMS

Q90 6550026

CONTINUED ON NEXT PAGE

— PLEASE KEEP THIS TOP PORTION —

A Collection Proposal Prepared for:

THE CITY OF FORT LAUDERDALE
PROCUREMENT AND MATERIALS MANAGEMENT DIVISION
100 N. ANDREWS AVENUE, #619
FORT LAUDERDALE, FL 33301.

REQUEST FOR PROPOSAL: 542-9029
3-YEAR CONTRACT FOR DELINQUENT ACCOUNT
COLLECTION SERVICES



Respectfully submitted by:

Penn Credit Corporation

916 S 14th Street

Harrisburg, PA 17104

(800) 800-DEBT

(717) 238-7124

(717) 238-1370 Fax

Richard S. Templin, President

www.penncredit.com

MAY 18, 2004

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Penn Credit Corporation

916 South 14th Street

P.O. Box 988

Harrisburg, PA 17108

(717) 238-7124

(717) 238-1370 FAX

May 18, 2004

City of Fort Lauderdale
Procurement and Materials Management Division
100 N. Andrews Avenue, #619
Fort Lauderdale, FL 33301

Dear Procurement and Materials Management:

Penn Credit Corporation is pleased to have the opportunity of submitting our credentials for the purpose of providing primary and secondary collection programs for the City of Fort Lauderdale. With more than 30 years of collection experience and more than 10 years as a municipal and city contractor, Penn Credit Corporation has the specialized knowledge, skills, technology and computer system to provide effective and economical solutions that fully comply with all applicable laws and regulations.

Our understanding of such receivables can be attested by our successful recoveries for the Pennsylvania Department of Revenue, PA Office of Attorney General, State of Delaware, City of Fort Lauderdale, Boca Raton, Pittsburgh, Philadelphia, Palm Beach County, as well as many other state, local and Federal entities throughout the United States. As one of the leading collection agencies in the area, Penn Credit Corporation attracts and retains a specialized team of managers and collection representatives, resulting in optimum service and performance to our clients. Our mission is to implement a collection program that provides exemplary results while demonstrating exceptional sensitivity to our debtors. Our constant upgrading involving state-of-the-art computer technology and the use of modern collection techniques has enabled us to develop a special expertise in developing recovery programs for our clients.

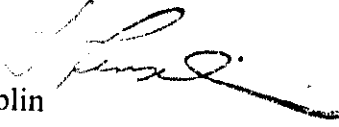
We offer you our experience in building successful collection programs, demonstrated service that exceeds expectations and results based upon a strong track record. Too often **"YOU GET WHAT YOU PAY FOR"**. A solid infrastructure has allowed Penn Credit Corporation to meet and exceed our competitors' efforts. This will be attained by implementing an accounts receivable program with clearly defined timetables and goals. Our services will help the City of Fort Lauderdale increase cash flow, reduce write-offs, improve customer service, maintain a positive community image, control cost and achieve financial goals.

Penn Credit Corporation's submission of this proposal has been made without collusion with any other person(s), company or parties submitting a proposal. Furthermore, we are confident that our submission in all respects is fair and in good faith, without collusion or fraud.

This proposal has been signed by Richard S. Templin, who is fully authorized to contractually bind Penn Credit Corporation. All person (s), company or parties who have a financial interest in regards to this contract have been identified as Richard S. Templin, President.

Again we would like to thank you for considering Penn Credit Corporation as your business partner. If you should have any questions, please feel free to contact me at 1-800-800-3328 Ext. 3029.

Sincerely,


Richard S. Templin
President

EXECUTIVE SUMMARY

Penn Credit Corporation has over fifteen (15) years experience in government collections. Our understanding of these debts can be attested by our successful recoveries for Palm Beach County, the Cities of Fort Lauderdale, Boca Raton, Philadelphia, Pittsburgh as well as the States of Delaware, and the Commonwealth of Pennsylvania to name a few.

The Opportunity and the Challenge

Today's government is viewed as big business that is just too expensive to operate. Decreases in Federal and State matching funds compiled with a philosophic change in tax payer views have made it important for government to become innovative and responsible to generate and collect all potential revenues. Most cities and counties face the same obligation, one in which there is no easy solution, an eroding tax base who does not endorse tax or rate increases as a viable solution to generating the necessary cash flow to operate the day to day functions of government.

There's an old way and a new way to manage a relationship with our clients. With requirements for companies to provide increasing profits through recoveries, clients are demanding agency relationships that are effectively administered and maximize profit, which means collecting as much as possible. Penn Credit corporation also wants to collect as much as possible!

We offer our client's an array of solid management techniques, strategies, and operational reviews that can result in dramatic increases in the dollars you can collect and the investments needed.

- ✓ Penn Credit Corporation has and will continue to develop strategic collection policies to meet the needs of the City of Fort Lauderdale.
- ✓ Penn Credit Corporation reviews and understands our client's policies and procedures.
- ✓ Penn Credit Corporation evaluates and identify performance gaps through internal audits.
- ✓ Penn Credit Corporation validates contract work expectations by adhering to all local, state and federal regulations.
- ✓ Penn Credit Corporation evaluates trends, profitability and growth opportunities and acts on these changes.

Experience - Valued Support and Service

Businesses today require a company to be extremely flexible and to have the ability to adapt to change. Each client has special requests, special needs and special concerns. The best way to demonstrate Penn Credit Corporation's ability to comply would be vested in an examination of present clients. It is hoped that the evaluation committee will notice the variety and acknowledge the number of clients in which Penn Credit Corporation has provided successful services.

Penn Credit Corporation is a Pennsylvania-based corporation, who for several years has identified, developed, instituted and provided collection programs for cities, counties and municipalities throughout the Commonwealth of Pennsylvania as well as nationwide. We have been specializing in the collection of various delinquent accounts since 1987.

Our success at Penn Credit over the years is attributed to the experience of our staff, who have in fact worked in local and state government administrations and through an aggressive approach to the use of technology.

Penn Credit Corporation has adequate capacity to dedicate to this project as well as the business commitment. We have been involved in work of similar size in the past and presently working similar accounts. Penn Credit Corporation has been engaged in the collection business for several years. This work requires locating the debtor, assisting with financial arrangements for payment, negotiating payment in full, or establishing payment programs. All communications are logged onto our computer system by the assigned collection representative.

Technical expertise and a commitment to the approach "*Partners in Progress*" have allowed Penn Credit and our clients to meet the unique needs and responsibilities of each project. Penn Credit has acted as an added value resource for our clients. Through this process, increased revenues have been generated via pilot programs while preserving a positive community image.

Endorsement by local, city, county, state government officials brings a comfort zone as to the professional and effective manner in which a project will be conducted. Penn Credit Corporation's collection results have likewise allowed not only for renewed contracts, but for expanded contracts as well.

All collection processes are performed with the utmost professionalism and consideration. Our intensive collection training process ensures that harassment, intimidation and/or misleading representation does not occur. Steps are also taken to ensure that communications with entities outside of the debtor or the debtor's attorney are avoided.

All collection activities are meticulously recorded and detailed reports and summaries are available to our customers upon request. Updates to account statuses is another service

provided to maintain current data. This includes electronic and hard copy updates and debtor notification of status change.

Penn Credit Corporation also has extensive experience in issuing standardized forms and letters to debtors as well as customized letters that respond to account inquiries. Any materials central to the account (forms, return envelope, etc.) may also be included with the correspondence.

Technology

In selecting a collection agency to work with the City of Fort Lauderdale, it is important to evaluate how well each vendor has kept pace with the technology curve. Will the successful bidder continue to update system technology and offer value enhancements quickly?

Our constant upgrading involving state-of-the-art computer technology and the use of modern collection techniques have enabled us to develop a special expertise in developing recovery programs for delinquent receivables. We offer you our experience in building successful collection programs, demonstrated service that exceeds expectations and results based upon a strong track record. This will be attained by implementing an accounts receivable program with clearly defined timetables and goals. Through this process, increased receivables have been generated while preserving a positive community image.

Penn Credit's experience and commitment to excellence go unchallenged. The day to day working relationships to develop new methods of operation or system enhancements are what make projects a success or a failure. The interface of technology and cooperation of our staff is what will allow Penn Credit to meet whatever the City's needs may be now or what they may be in the future.

The following are features of Penn Credit's collection system:

- Multiple levels of security controlled by log-ins, passwords and terminal port locations
- Capability of accepting data from clients in many formats-
 - Hard copy listings (any format)
 - IBM compatible diskettes (fixed length, delimited or data base)
 - 9 track ½" reel to reel tape
 - Modem: PC to PC and Procomm Plus host BBS
 - Internet FTP
 - Internet E-mail attachment
- Fully featured collector activity program
- Wide range of management and client reports (can be customized)
- Parameter driven letter series
- Predictive dialing collector auto-dialer
- Clerical support software for data entry, maintenance and reports

- Streamlined cash posting with automatic account update and batched statistic updates for client and management reporting
- Complete accounting package capable of producing client statements, invoices, checks and reports when required, as well as annual statements
- Capability to receive/send payment, return, update or cancellation information to clients by report, diskette, 1/2" tape, modem transfer or Internet E-mail file transfer

Penn Credit Corporation can maintain a high level of customer satisfaction, to ensure the integrity of the programs, and an agency's financial services. We will provide all of the necessary support for efficient servicing of receivables, including the necessary personnel, facilities, processes, and hardware/software. Penn Credit also has experience in establishing repayment plans for borrowers, maintaining and updating accounts on a database and providing updated information to the agency's central database.

We pride ourselves in providing excellent customer service. Penn Credit can provide billing and collection services for collecting such debts. We report to three credit bureaus and perform all necessary tasks to properly service an account. These tasks include but are not limited to: clerical support, printing and mailing, data entry, storage of documents, providing an office space for government personnel and training to Federal agency personnel, quality assurance and quality control.

Cost - Price as Relates to Quality

In today's evaluation process cost becomes an important factor in selecting a vendor. However, too many times it becomes the only factor. Cost must be considered as it relates to the quality of service provided. The old statement "you get what you pay for" is often very true. Price wars in the vendors' bidding process too often results in poor service to the client, which translates to failure in obtaining the goals of a project. If the cost of business is related to the cost of your operation, perhaps it could be brought more into focus. No vendor can provide the latest technology, a full range of services to the optimum (i.e., skip tracing, which is labor intensive combined with use of sophisticated technology, or quality personnel who are committed to results as well as protecting the community image in an era of increasing cost).

Price must be considered, yet it should and must be considered as relates to the quality of service that our clients would expect to be provided.

Summary

Penn Credit will combine the experience of the staff and project managers to insure the most efficient and cost-effective approach to the program needs of the City of Fort Lauderdale.

When you consider Penn Credit's history, our staff and technological quality, you can come to only one inescapable conclusion: Penn Credit is the vendor of choice.

PART I: INFORMATION/INTRODUCTION

Penn Credit Corporation will comply with the following criteria:

1. Purpose: Penn Credit Corporation will provide collection services to the City and enter into a contract upon award, for the purpose of collecting delinquent or non-paying accounts.
2. Additional Information: Penn Credit Corporation will address those individuals designated in this Request For Proposal, in the event Penn Credit Corporation would require additional information relating to the contents of this proposal or in seeking clarification to any part herein.
3. Last Date for Questions: Penn Credit Corporation understands the City's time schedule and will adhere in submitting questions to the City's Procurement Specialist on or before the time and date in which the City has stated in this RFP.
4. Eligibility: Penn Credit Corporation assures the City that all requested information has been provided for the purpose of being eligible in participating in this procurement.
5. Contract Period: Upon award of contract, Penn Credit Corporation will enter into a three (3) year contract with up to three (3) additional one (1) year periods.

Penn Credit Corporation shall be prepared in providing all collection and related services to the City on or about July 12, 2004.

PART II: RFP SCHEDULE

Penn Credit Corporation has reviewed, understands and will comply with all dates and times set forth in Part II: RFP Schedule.

PART III: SPECIAL CONDITIONS

1. Rules and Proposals: Penn Credit Corporation affirms that this proposal has been executed by an individual authorized to legally bind Penn Credit Corporation.
2. Variances: Penn Credit Corporation takes no variances to the RFP terms, conditions or specifications. ✓
3. Confidential Information: Penn Credit Corporation understands that all information contained herein is open for public inspection upon award of contract. Penn Credit Corporation has identified, if any, all information that is exempt from public inspection. ✓
4. Insurance Requirements: Penn Credit Corporation shall provide all applicable insurance policies, naming the City as an additional insured, to the City and maintain those policies at all times during the term of the awarded contract.
5. Selling, Transferring or Assigning Contract: Penn Credit Corporation shall not sell, transfer or assign any part of the awarded contract without the written prior approval of the City Manager or designee.
6. Addition/Deletion of Services: Penn Credit Corporation will provide additional collection services that the City may request. Additional services to be provided shall be governed by the requirements of the awarded contract and priced in the same or similar manner as this RFP.
7. Performance Trial and Acceptance Period: Penn Credit Corporation understands that in the event we are awarded a contract with the City of Fort Lauderdale, we shall undergo a testing phase whereas the City will evaluate and determine the success of the project for a trial period determined by the City.
8. Administration of Contract: Penn Credit Corporation understands that our performance under an awarded contract shall be supervised by the Treasury Division and various receivable activities shall be handled by the responsible departmental representative.
9. Minority-Women Business Enterprise Participation: Penn Credit Corporation is committed and shall provide a good faith effort in obtaining participation from M/WBE's in the performance of this contract. In the event of a contract, Penn Credit Corporation shall meet with the City to formalize a M/WBE plan for the purpose of meeting the desired participation.

Penn Credit Corporation is also an advocate for minority businesses. We strive to fully meet and exceed the governing requirements of MBE/WBE participation in the business area. Additionally, Penn Credit Corporation has developed a mentor

program for women and minority owned businesses. Some facets of this program include utilization of MBE/WBE personnel and equipment, client referrals, commission awards for joint ventures and assistance with business development. Penn Credit Corporation is committed to affirmative action, equal opportunity, and the diversity of its workforce.

Prior to an award of contract, Penn Credit Corporation will obtain certification from Broward County, Fl.

10. Selling, Transferring, or Assigning Contract: Penn Credit Corporation shall not sell, transfer or assign any part of the awarded contract without the written prior approval of the City Manager or designee.
11. Substitution of Personnel: Penn Credit Corporation shall notify the City of Fort Lauderdale of any personnel changes within the organization. Upon approval by the City, Penn Credit Corporation shall replace or substitute key personnel in place of those individuals listed in this Request For Proposal. Penn Credit Corporation assures the City that any personnel who are assigned to replace or substitute in the performance of this contract shall have equal training, experience and dedication in providing these collection services.
12. Conflict Of Interest: Penn Credit Corporation does not anticipate any conflicts of interest in the performance of this contract.
13. Uncontrollable Circumstances ("Force Majeure"): Penn Credit Corporation understands that they along with the City shall be excused from the performance of their respective obligations when performance is delayed or prevented by any circumstance beyond their control. Penn Credit Corporation and/or the City shall provide the respective party with prompt written notice describing the particulars or the circumstances.
14. Lobbying Activities: Penn Credit Corporation shall comply with the City of Fort Lauderdale Ordinance NO. C-00-27, Lobbying Activities. Penn Credit Corporation has obtained a copy of such ordinance from the City of Fort Lauderdale's website.
15. Variances: As stated in No. 2 above, Penn Credit Corporation takes no variances to the RFP terms, conditions or specifications.
16. RFP Documents: Penn Credit Corporation has examined this RFP carefully and have submitted all required information requested.
17. Proposers' Cost: Penn Credit Corporation shall bare all cost associated with the preparation and submission of this Request For Proposal.

18. Rules and Proposals: As stated in No. 1 above, Penn Credit Corporation affirms that our submission has been executed by an individual authorized to legally bind Penn Credit Corporation.
19. Records, Audits: All records, accounts and financial information shall be kept separate and identifiable from all other client information and activity. Penn Credit Corporation shall provide the City with office space for the purpose of conducting audits and shall make available all information pertinent in the performance of the contract. Penn Credit Corporation welcomes and encourages on-site visits and suggest the City visit our facility to learn first hand how our organization is structured and operates.
20. General Conditions: Penn Credit Corporation has reviewed, understands and will comply with all general conditions set forth herein.

PART IV: SCOPE OF SERVICES

Penn Credit Corporation understands the City of Fort Lauderdale's need for a qualified collection agency to provide services in the collection of delinquent or non-paying accounts. As the previous contractor for the City, where we provided over five years of exemplary services for primary accounts to include all types of receivables, gives us an edge on meeting the City's requirements and exceeding the City's needs. Penn Credit Corporation's successful collections over the years for the City of Fort Lauderdale have enabled us to collect in excess of 1.2 million dollars in monthly collections and maintain a recovery percentage of approximately thirteen percent.

1.1 TECHNICAL SPECIFICATIONS:

1.1.a. Qualifications of Proposers:

- (1) All proposers must furnish the City satisfactory evidence that they have operated and had experience in the collection service, as outlined in the RFP specifications, for a period of not less than five (5) years.

Penn Credit Corporation currently has an extensive and prestigious client base that consists of many markets including federal, state, and local governments, healthcare (more than 60 hospitals), utilities, retail and commercial industries. This client base, with a very aggressive marketing effort has allowed our growth to experience placements from 2002 to 2003 to an excess of \$1.6 billion dollars.

Penn Credit Corporation is a collection agency, which has assisted many cities in developing innovative and effective collection programs to accelerate cash flow. Government today is big business, one that must utilize all opportunities to generate resources to meet budget constraints and provide necessary services to its community while maintaining a positive community image. We at Penn Credit Corporation are very proud of our efforts in this regard. We currently represent local, state and federal government agencies.

Since its inception in 1987, Penn Credit has comprised a very reputable business clientele, as evidenced by our references. Our growth pattern has been very successful in both terms of numbers of new clients, expansion of geographic regions and types of clients.

- Our government/utility division has experienced significant growth in servicing municipalities such as the Cities of York, Philadelphia, Harrisburg, Pittsburgh, Cleveland, OH, St. Louis, MO, Boca Raton, FL, and utilities such as GPU, Philadelphia Gas Works, Orlando Utilities, Dominion Virginia Power, the Commonwealth of Pennsylvania and the Attorney General's Office.
- Penn Credit Corporation has likewise experienced additional growth in our Tax Division by developing tax recovery programs for the cities of Pittsburgh, Lancaster, Philadelphia as well as the State of Delaware.

- Penn Credit Corporation received the endorsement from the Council of Shared Services, a division of HAPSCO in August 1987.
 - Our understanding of healthcare receivables can be attested by our successful recoveries for many major hospitals within the Commonwealth of Pennsylvania such as the Hershey Medical Center, Armstrong County Memorial Hospital, The Geisinger Medical Center, Lehigh Valley Hospital, Weirton Medical Center and more. Our organization is a \$300+m corporation reflecting more than 60 healthcare facilities in the Mid-Atlantic region having a medical portfolio exceeding 35 percent.
 - Penn Credit Corporation also has experienced significant growth in the Educational Loan Department. Our services include collection of Health Professional Loans (HPL), Tuition Loans, Perkins (NDSL), as well as Nursing Loans. Our experienced collectors have a very good working knowledge in this area, and we are continually hiring additional staff.
- (2) Proposers shall demonstrate to the satisfaction of the City that they have adequate financial resources, experienced personnel, and the expertise to perform the required services.

a. Financial Resources

Penn Credit Corporation has provided copies of our financial reports as an Appendix to Pg. 19, No. 10.

b. Experienced Personnel

PLAN FOR ASSIGNING QUALIFIED PERSONNEL FOR PROJECT:

Penn Credit corporation already has personnel who have experience in the collection of delinquent receivables. If additional collection representatives are needed for the collection, Penn Credit Corporation will either transfer or use experienced collectors from another Department or hire experienced collectors to place in the Department.

Once the collection representative is in the department, they will go through continual training until they acquire the necessary skills to be successful in the collection of receivables. The collection representatives will be verbally monitored and audited on a regular basis to assure their success.

Penn Credit Corporation utilizes media such as newspaper ads to recruit our staff. Our collection staff is being recruited from a forty mile radius around the Harrisburg, PA area. We are looking for qualities and experience in individuals seeking employment, which include the following traits:

Amount of Collection Experience – must have good knowledge of pc and be able to use effective and possess good communication skills, both spoken and written

Amount of Telemarketing Experience – must have good negotiating and analytical skills

Amount of Sales Experience

Tenure in Present or Last Job

References

Education – must be a high school graduate or possess a G.E.D.

Honesty

Reliability

Character – must be able to demonstrate persuasiveness and motivation

Although it was not specified as to the exact number of accounts Penn Credit Corporation would be referred, we have the capacity to increase the number of collectors representing your accounts. Supplementary, we warrant that all employees assigned by us to the performance of this contract are fully qualified to perform the work required in this Request for Proposal. Please note: various collectors have conducive experience in collecting for various counties and cities, including the Commonwealth of Pennsylvania.

Penn Credit Corporation believes that a collector can successfully handle 1,000 to 1,200 accounts. The reason why this may seem high is because we have payment plan collectors (once debtors start making payments, the account is transferred to a person who follows just payment arrangements) and state-of-the-art technology which allows us to call all the accounts with good phone numbers on our automated dialer continuously within FDCPA guidelines and state laws.

SUPERVISOR & MANAGEMENT INVOLVEMENT WITH COLLECTORS

Penn Credit believes that the collection staff must understand what is expected of them, maintain high quality in their work, and give our clients the best collection effort possible.

It is the responsibility of management to give the collection staff the proper tools, training, and follow up to assure their success.

Penn Credit's management staff is very active in the daily routine of its collection staff and monitors their performance through:

- group and individual training sessions
- verbal quality audits
- work standard audits
- reviewing individual collection figures
- reviewing individual calls, debtor contacts, and promises
- establish daily, weekly, and monthly goals
- set incentive plans to reward good performance
- handle problem and complaint calls
- review accounts to close
- approve CBR's and Social Security searches
- keeping collectors aware of their performance compared to competition by reviewing client analysis and client collection figures on a monthly basis.

MIS DEDICATED STAFF

Penn Credit Corporation will assign a person from our MIS department to be dedicated to this project. This person shall be responsible for acquiring additional resources to our MIS Department as the project requires.

Due to the fact that Penn Credit Corporation has a full time MIS staff we will not ever require the City to conform to our standard record layout. In order to meet your needs, Penn Credit Corporation will develop our own in-house written conversion software package utilizing your record layout.

c. Expertise to Perform the Required Services

Identifying new sources of revenue is as easy as identifying outstanding receivables. It is very obvious that the availability of federal funds will continue to diminish, and tax increases will be limited, yet the cost of operations will continue to grow.

Penn Credit Corporation has been able to increase available cash by collecting outstanding receivables and maintaining a positive community image and sound relationships with our clients. Current methods of collection include service termination and/or filing liens on properties. These methods have many drawbacks and allow debts to grow beyond handling or until such time as the property in question is sold.

Penn Credit Corporation can provide results for you by instituting collection efforts on the following areas:

Penn Credit Corporation specializes in:

- * Sales Tax
- * Corporate Taxes
- * Annual Individual Income Taxes
- * Act 511 Taxes
 - o Earned Income Taxes (10% tax)
 - o Occupational Taxes
- * Personal Property Tax
- * Per Capita
- * Sales Tax
- * Employee Withholding
- * Occupational Privilege
- * Business Privilege and Mercantile
- * Collection of city utilities (water, sewer, trash, gas, electric, recycling)
- * Collection of code violations
- * Collection of outstanding demolition costs or boarding of vacant properties
- * Collection of monthly parking permits, parking violations
- * Collection of funds due for damage to city property
- * Collection of permits for public works (i.e. street cuts, etc.)
- * Court Costs and Fines
- * Emergency and Ambulatory Services

Penn Credit Corporation has the capability of customizing our programs to provide collection services in most any area requested by our clients.

By having quick account entry, telephone and personal contact with debtors by experienced collectors, our results have moved Penn Credit Corporation to the forefront in the collection industry. Credibility speaks for itself. Penn Credit Corporation prides itself on its achievements over the past years and will continue to search for new and innovative programs that will assist us in providing the best possible service to you in the future.

ADDITIONAL SERVICES PROVIDED TO CLIENTS

- Assistance in developing software applications
- On-going staff support
- Client Service functions - overflow inquiries
- Data updates (addresses, telephone numbers, etc., through skip tracing procedures)
- Billing programs
- Consulting service for business office reviews; for efficient account flow activity
- Centralized payment processing programs
- Cleanup and verification programs for A/R portfolios
- Educational services for employees on sensitivity in providing customer service
- Small balance recovery program

PENN CREDIT CORPORATION'S CURRENT MARKET

It has been the policy of Penn Credit Corporation in its marketing strategy to enter a market/industry and develop that market successfully.

Below is a current list of the markets Penn Credit Corporation services:

FEDERAL/STATE/LOCAL GOVERNMENTS - for the collection of city utilities, taxes, licenses and fees, parking tickets, court costs and fines, EMS billing, inspections, codes violations, damage to city property, and student loans for numerous universities in the Commonwealth of PA. Some clients include:

- Pennsylvania Attorney Generals Office
- Pennsylvania Department of Revenue
- State of Delaware
- State of New Jersey
- State of Alabama
- City of Boca Raton
- City of Philadelphia
- City of Pittsburgh, PA
- City of Cleveland, OH
- Orange County, FL
- City of Fort Lauderdale
- City of Harrisburg
- Palm Beach County, FL

UTILITIES - currently Penn Credit Corporation represents some of the top ten utility providers in the country.

Electric Companies:

- Allegheny Power
- GPU Energy
- PEPCO
- Pennsylvania Power & Light

Gas Companies:

- Philadelphia Gas Works
- Penn Fuel Gas of PA
- Dominion Power, WV -- Recently awarded

Water Companies:

- City of Philadelphia
- New Mexico Utilities, NM
- United Water of New Jersey

Telephone Companies:

Verizon
AT&T Broadband
GTE/Advantage Receivables
IDT Corporation
MCI – new contract 2004

Cable Companies:

TCI Cablevision of St. Louis
Gulf State Credit
Cable & Wireless, VA

HEALTHCARE - currently represents over 60 healthcare facilities including physicians and Emergency/Ambulatory Services.

Chambersburg Hospital
Hershey Medical Center
Weirton Medical Center, WV
WellSpan Health

DIRECT MARKETING

Time-Life Books
Grolier Books
Blair Corporation
Rodale
Q.V.C.
Media Bay
Doubleday Direct

BANK/CREDIT CARDS: This is an area in which we have developed a huge success in our small balance program.

Dillard National Bank
Household Retail Services USA

Unlike an anonymous agency, Penn Credit's professional team believes that to serve you, we must first know you and your business operations. Understanding the City's needs and expectations allows us to develop effective, efficient collection solutions on an individual basis.

Our personalized business style has proven successful for clients of varying sizes representing all aspects of the credit economy including government, healthcare, commercial, tax, retail and utilities. Using a firm professional approach, Penn Credit's collection process is designed to maintain a favorable public image for the businesses.

Penn Credit's use of the most advanced technology is yet another affirmation that we are responsive to our clients' increasingly sophisticated requirements.

Penn Credit is staffed by more than 125 full-time employees; an experienced management team backed by qualified credit personnel. Our collectors actively pursue accounts daily, including evenings and Saturdays. Assignments are routed to "industry specific" account representatives whose collection backgrounds are best suited to the City of Fort Lauderdale's needs.

Throughout our relationship, a Penn Credit Customer Service Representative will act as a liaison between you and our in-house collection staff. This constant contact allows necessary changes to be made quickly without interrupting your service.

Penn Credit's on-going audit training and follow-up process provides our collectors with the latest techniques and information regarding the debt collection industry. Similarly, our memberships in the American Collectors Association as well as in other organizations related to our client's businesses, keeps our employees informed about changes in collection laws and client related activities.

Collection Managers oversee quality control at Penn Credit. They monitor collectors, offer assistance and work with them to solve problems and maximize recovery for the client.

When you assign your accounts to Penn Credit, your success becomes our motivation. As your Partners in Progress, Penn Credit is dedicated to collecting lawfully due and owed monies to your company. Together, we will devise a successful cash recovery system based on shared objectives, joint commitment, a customized program and a valuable, long-term relationship.

- (3) Proposers shall provide documentation to support the qualifications criteria as part of the RFP response.

Collection System

- IBM pSeries Model p650 Server
 - Four 1.45GHz 64-bit Power 4+ processors
 - Expansion for up to a total of 8 processors
 - 8Gb of memory
 - 2x146Gb internal disks
 - DVD-Rom
 - Dual 10/100 network interface
 - Dual 2Gb Fibre adapters
- FastT 600 Storage Server
 - 8x73Gb FibreChannel Hot-Swap Disk Drives
 - Expansion up to 6 Terabytes of disk space
 - Dual-path fibre cable connection to p650 server
- IBM Ultrium LTO 3580-L13 Tape Drive
 - 100Gb per tape
 - 200Gb per tape compressed
- Operating System and Software
 - AIX V5.2 operating system
 - C for AIX
 - AcuCobol V6.0
 - All collection software is designed and developed in-house.

PREDICTIVE DIALER – SmartDial

- 96 Stations
- Direct call transfer
- Call blending
- An average of 25,000 contacts per day at full capacity

D.A.V.I.S (Digitized Automated Voice Intelligence System) Dunning Unit – Outbound - Generates over 23 million calls annually using digitized voice. Specifics include:

- Attempts 96,000 calls per day between 9:00 a.m. and 12 midnight and allow for time zone changes.
- The initial pitch is 30 seconds in length and verifies the debtor. After verification of the debtor, the collection pitch is approximately 90 seconds. This system allows the debtor to make payment arrangements.
- All busy signals are re-dialed every 15 minutes. No answer calls are re-dialed every two hours with a maximum of 30 attempts per week.
- Calls are repeated every seven days.

Penn Credit Corporation

Delinquent Accounts by Receivable Type

	2002			2003		
Account Type	# Referred	\$ Referred	Amount Collected	# Referred	\$ Referred	Amount Collected
Bank 1 st	138,866	\$63,999,025	\$2,568,024	26,630	\$28,888,463	\$1,715,565.81
Bank 2 nd	81,325	\$76,298,126	\$1,616,392.40	47,475	\$36,172,092	\$1,258,187.66
Gov't 1 st	386,757	\$143,567,774	\$11,309,518.91	1,192,270	\$210,297,708	\$12,171,556.66
Medical 1 st	371,186	\$105,046,772	\$17,060,712.07	342,173	\$90,949,782	\$8,887,167.26
Medical 2 nd	48,449	\$17,168,215	\$732,804.86	118,419	\$54,830,171	\$1,041,101.50
Retail 1 st	1,853,445	\$125,027,423	\$3,566,156.43	1,352,713	\$139,408,632	\$2,853,745.55
Retail 2 nd	2,062,770	\$96,500,842	\$1,143,210.02	1,718,236	\$107,377,721	\$2,275,172.53
Utilities 1 st	390,591	\$114,749,860	\$9,440,050.99	291,670	\$82,083,995	\$12,045,972.08
Utilities 2 nd	294,762	\$68,448,145	\$1,496,610.45	269,355	\$85,488,291	\$2,039,754.64

- (4) Contractor should have wholly owned offices in principal cities, or established subcontractors in principle cities, who also meet the City's qualifications requirements. If proposer intends to use any subcontractors in the performance of these services, the names of all such subcontractors should be included as part of the RFP response.

Penn Credit Corporation has wholly owned offices located in Pennsylvania. Penn Credit Corporation has provided a more in depth description of these offices as an Appendix to Pg. 20, No. 12.

- (5) Subcontractors shall be subject to the same requirements as the Contractor, as contained in the RFP. The City reserves the right to accept or reject any proposed subcontractor, if it determines that such subcontractor does not meet the RFP specifications, and is not deemed responsible.

Penn Credit Corporation does not intend on utilizing the services of any subcontractor for any part of this RFP.

- (6) The Contractor shall either a Broward County or toll free (800) telephone number(s) for City and customer contact purposes.

Penn Credit Corporation provides toll free numbers on all correspondence that is mailed to the debtor. The 800 numbers provided will direct each customer to an assigned account representative. Penn Credit Corporation shall assign a client service representative to the City of Fort Lauderdale and provide the City's designee with a toll free number for the purpose of communicating with Penn Credit Corporation's staff.

- (7) Contractor shall submit a SAS 70 report.

Penn Credit Corporation has adequate resources to safeguard all information that will be transferred to us by the City of Fort Lauderdale. Penn Credit Corporation does not currently have in its possession a readily available SAS 70 report. However, we can assure the City of Fort Lauderdale that all information provided during the course of the contract shall be kept confidential and protected.

COMPUTERIZED TECHNICAL / OPERATING SYSTEM

- Data Encryption
 - Penn Credit currently utilizes two different methods of data encryption
 - PGP Encryption (FTP transfer)
 - Encryption Plus (Email Attachment)
- Intrusion Detection
 - Penn Credit's firewall logs all unsuccessful attempts to gain access to the internal network.

- Internet Firewall
 - Penn Credit's firewall consists of a Windows NT 4.0 Server running Proxy Server software. The Proxy Server only allows authenticated access to our internal network.
- Limited and Secure Access
 - The location of the data files is limited to the MIS Department. No other person in the organization can gain access to this end node.
- Dedicated IP Address
 - Penn Credit has a full T1 connection to the Internet. Along with the connection, Penn Credit's firewall has a dedicated IP address.
- Data Transmission Logs
 - Once a data file has been transferred to Penn Credit's site, the file is transferred to our collection system. The file is then converted into our collection system master files and an entry is made in a transmission log that includes date received, date converted, client name, number of accounts converted and dollar amount converted.
- Access to Penn Credit's End Node
 - The Client would have the ability to access our end node for security audit purposes. This would include access to Penn Credit's MIS Department and Penn Credit's Computer Room.
- Backup Transmission Plan
 - If the Internet connection at either end-node has failed and a new data file needs to be transmitted, Penn Credit has an alternate method of data transfer. Penn Credit maintains a Bulletin Board System in its computer room that is available 24 hours a day / 7 days a week. This BBS could be utilized in place of Internet transfers and would require a modem and phone line for access.
- Transmit and receive information via secured Internet mechanism
 - Penn Credit's data security plan begins with a firewall that protects our site from intrusion from the Internet. This firewall consists of a Window NT 4.0 Server running Microsoft Proxy Server. One of the main jobs of the Proxy Server is to only allow authenticated access to our internal network. Once authenticated, data can be transmitted via two methods. The first method is via FTP. Penn Credit maintains a protected FTP site or we can authenticate to your FTP site to perform the transfer. The preferred method of data encryption for FTP transfers is PGP. The second method of data transfer is via email attachment. An end user can attach a data file and then encrypt the email using software called Encryption Plus. Once the data file has arrived at our site, only the data handlers in our MIS department have the ability to view the information. The file is then logged and the data is converted into our collection system.

- Computer display of individual accounts and Update/delete accounts
 - Once the data has been converted, a client would have the ability to access our collection system via the Internet. The connection would be authenticated by our firewall before access would be allowed. Once the end-user is logged in to our system, they would have the ability to view accounts, add comments, place an account on hold, etc.
- System Documentation
 - The two full-time programmers at Penn Credit Corporation are responsible for developing and maintaining the collection system software. This department would write the system documentation required. Also, this department would develop any file layouts and source code.
- Retention/recall of accounts
 - Penn Credit can retain accounts for as long as the client requires. Our normal retention time period is one year. If a client requires that we recall accounts on a regular basis, we can setup a monthly recall process that will automatically flag accounts that should be sent back to the client. This recall list can be provided to the client in paper or electronic format.
- Generate computer notices/letters
 - Penn Credit's computer system generates notices and letters.
- Generate performance/statistical reports
 - Penn Credit's collection system maintains a statistical database of performance figures. These figures will be provided to the client on a monthly basis, either by paper or electronic format.
- Example of databases utilized in the location of individuals
 - Merlin Information Services
 - Accurint
- Provide security over access to and use of Client's account information
 - The information provided by the Client will only be used by our collection staff. No other entity outside our office will have the ability to view that information.
 - Each user on our computer system has a user name and password to access the main collection system database. Penn Credit does not employ an Auto-Login procedure for its users.
- On-line access for at least 60 days after collection
 - Once an account is paid in full, Penn Credit retains that account information for a minimum of one year.

- Back-up/retrieval systems
 - The first line of disaster recovery is a nightly backup of all information on its collection system. This backup tape is then taken to a safety deposit box located at our bank. The second line of disaster recovery that Penn Credit utilizes is contained within the collection system's computer. The hard drive of this computer system is configured as a Level 5 RAID. Basically, if one of the hard drives fails, the computer system will operate in a degraded state. This degraded state means that all operations will function but at a slower rate. The bad hard drive can then be replaced with a new one and the system will return to its optimal level of operation.
- Computer Terminal Access
 - During an onsite audit by the Client, a computer terminal will be provided to allow direct access to Penn Credit's collection system.
- Security System
 - Penn Credit's main headquarters is made of steel, brick and concrete. The central computer room contains an environmental temperature control and alarm system. The central computer room also has a security feature that scans and verifies the person's hand before access will be granted.
- Audit Trails
 - Penn Credit's collection system tracks all aspects of the collection process. This includes but is not limited to the following:
 - Payments
 - Adjustments
 - Comments
 - Notices sent
 - Account Statuses
 - Collector statistics
 - Client statistics

1.1.b. Data Communications Requirements:

Penn Credit Corporation has provided this service to the City of Fort Lauderdale for the duration of our previous contract with the City of Fort Lauderdale. Penn Credit Corporation has the following electronic capabilities:

Capability of accepting data from clients in many formats.

1. Hard copy listings (any format)
2. IBM compatible diskettes (fixed length, delimited or data base)
3. 9 track 1/2" reel to reel tape
4. Modem: PC to PC and Procomm Plus host BBS
5. Internet FTP
6. Internet E-mail attachment

FTP (File Transfer Protocol)

- This method of transfer utilizes a FTP site either Penn Credit's FTP site or one at the client's site. The data is transferred via the Internet directly to the FTP site. Sometimes this data is encrypted using PGP.

Email Attachment

- This method utilizes an email message with an attachment to perform the transfer of data. The email is transferred via the Internet and can be encrypted using PGP or Encryption Plus.

Web Access

- This method utilizes web pages to access data files at the client's site.

Electronic Data Interchange

- This method utilizes the IBM Global Network to transfer EDI files. Clients will transfer an EDI file to Penn Credit's mailbox and Penn Credit transfers EDI files to client's mailboxes.

Modem Dial-up

- This method utilizes a standard modem that directly dials into the client's computer system. Once connected, multiple files can be transferred.

Bulletin Board System

- This method utilizes a bulletin board system located at Penn Credit's data processing center. The BBS is available 24 hours a day / 7 days a week. The client dials into the BBS using a standard modem. Once connected, files may be sent and received.

½ inch tape

- This method utilizes ½ inch tape media to transfer the data.

Data Cartridge

- This method utilizes data cartridges to transfer the data.

Diskette

- This method utilizes diskettes sent via regular mail to transfer data

Any method of data transfer can be used with a client. Also, sometimes there are situations that multiple methods may be employed. Penn Credit Corporation has it's own in-house software. Because of this, they do not have to depend on any third party software vendors. If a client requires a new data file or a new report, the request comes into the MIS Department and is completed there.

1.1.c. Remittances to the City:

Penn Credit Corporation shall remit gross amounts collected on a monthly basis. A report shall be provided to the City indicating the collection fee and date of payment.

Optional Added Value Resource: Having the right remittance technology provide significant competitive advantages such as enabling clients to offer superior customer service. After all, every one prefers having a choice and flexibility, different ways to pay, greater speed of payment and easy to use features.

Wire Transfer

- When a company wire transfers funds they are instructing their bank to directly send monies to a target bank. There are no middle points in the transfer. The time delay is usually 24 hours.

ACH

- When a company performs an ACH transaction to transfer monies, they are utilizing an "automated clearing house" to help in the transfer. The monies are transferred from the source bank to the ACH company, then the monies are transferred to the target bank. This process can take up to three days but is less costly than a wire transfer.

Clients may process an entire payment electronically through ACH, thus reducing the delay and costs associated with producing and mailing checks. ACH payments are process more quickly, so in essence it shortens the "clearing window."

There may be papers for the CSR to complete, an email sent or data keyed in on a separate system in order to produce a paper check. ACH capability makes this time-consuming and costly process obsolete. Many of our clients prefer ACH to any other method because it is convenient.

The City will be responsible for reporting all direct payments to Penn Credit Corporation on a monthly basis and shall remit the required fee plus any additional commission due.

1.1.d. Reporting:

Penn Credit Corporation has a variety of Reports that can be customized to fit the City of Fort Lauderdale's needs. Penn Credit Corporation has provided samples of those reports as an Appendix to Pg. 20, No. 14.

1.1.e. Bonding & Liability Requirements

Penn Credit Corporation will comply with all licensing and bonding requirements of this RFP.

Penn Credit Corporation has provided our license as an Appendix to Pg. 18, No. 6.

1.2 CONTRACTOR PERFORMANCE

Penn Credit Corporation is a company whose vision and commitment to excellence has established what we are today. Our future depends on every employee's efforts in their individual role to achieve the best results of our *Partners in Progress*. It is Penn Credit Corporation's commitment to provide our clients with a fully trained collection staff with state-of-the-art technology that will make our company second to none. We fully understand the various areas of collection, and we will tailor any collection efforts to the needs of The City of Fort Lauderdale. **It is our commitment to utilize the latest technology and uphold the highest legal and ethical standards to achieve optimum results.**

Penn Credit Corporation believes in the statement: *"expect what you inspect"*. It is the responsibility of the collection management staff to inspect the work, performance, and assure its high quality in the performance of the collection staff.

The collection department has the following management:

First Level	Operations Manager
Second Level	Collection Manager
Third Level	Auditor, Assistant Collection Manager, Trainer
Fourth Level	8 Supervisors
Fifth Level	12 Collection Representatives to each supervisor

Penn Credit Corporation feels the first step in assuring high work quality is to have a proper management to collector ratio. Penn Credit Corporation has twelve to one ratio of collectors to management. The collection manager is ultimately responsible for the performance and actions of the collection department. The assistant manager, auditor and trainer report directly to the manager. Collection supervisors report directly to the assistant manager.

The proper mix of training, auditing, and monitoring of the collection staff allows high quality in work performance. To assist the management, Penn Credit Corporation has Voice Control Technology, which tapes every phone call for quality control purposes. When management monitors dunnings and feels the collector may need additional help or guidance, he/she has the collection representative listen to the conversation. Then reviews it with them. If needed, the manager/supervisor monitoring will report to the trainer or auditor depending on the problem needed to be addressed for training or auditing follow up.

The collection manager holds biweekly training sessions on different areas of collection tactics. The topic is announced a week before the session and the collection supervisors send the collectors they feel can benefit from the session.

Collection management is always available to take complaint calls when needed. This is often an area that gives Management training material on how to handle calls and certain situations.

As mentioned in the preceding paragraphs, Penn Credit Corporation is committed to quality control and the City of Fort Lauderdale's reputation. This is achieved through Management intervention, training, auditing and most importantly follow up. The collection staff is aware of the management presence and acts accordingly.

MONITORING PERFORMANCE

The collection supervisors are responsible for tracking the daily, weekly and monthly collector figures in the following areas:

1. Collections (Collection standards obtained)
2. Phone calls and minutes on the phone: (150 calls and 250 minutes per day)
3. File Shape (new work, promises, broken promises, skip tracking done correctly)
4. Monitoring, verbal (to insure FDCPA and company policy compliance)

EVALUATION REPORTS

Collector Activity Report: Gives the accounts with comments the collector worked the previous day.

Phone Report: This report gives the total amount of calls on an incoming and outgoing basis and the total amount of time on the phone.

Collector Work totals: Gives totals for the amount of work each collector does in their loop by priority. This report can be generated by date (s).

Collector Verbal Audit Report: Each supervisor is required to verbally monitor their collectors on a bi-monthly basis to assure company guidelines, FDCPA guidelines and professionalism is met.

INTERNAL ANALYSIS

1. Month to date collection figures will be reviewed weekly to insure that collections are in line with established goals.
2. Internal batch tracking will be done monthly and reviewed with the collection staff. Penn Credit Corporation believes that the collection staff should be constantly aware of the performance and rankings compared to the competition.
3. Collection bonuses will be awarded for winning batch tracks and maintaining recovery rates as well as personal collections.

QUALITY ASSURANCE AND FDCPA REGULATIONS

- ✓ All collectors at all times are instructed to adhere to state and federal regulations and must sign a statement of compliance with FDCPA laws. Compliance is assured through regular monitoring of all collectors and immediate follow up on any complaints or disputes.
- ✓ We believe that the collection staff must understand what is expected of them, maintain high quality in their work, and give our clients the best collection effort possible. It is the responsibility of management to give the collection staff the proper tools, training and follow up to assure their success. Our management staff is very active in the daily routine of its collection staff and monitors their performance through:
 - ✓ Group and individual training sessions
 - ✓ Verbal quality audits through voice recording technology
 - ✓ Work standard audits

1.3 Legal Action:

Penn Credit Corporation shall seek written approval and direction by the City Attorney in those cases that require legal proceedings. Otherwise, Penn Credit Corporation will not pursue an account legally. Penn Credit Corporation is capable of providing local legal representation due to our utilization of our network of attorneys.

PART V: EVALUATION AND AWARD PROCEDURES

Penn Credit Corporation understands the City shall evaluate, determine and award the proposal that best meets the needs and interests of the City. We are confident that all materials have been provided to the City allowing for a fair evaluation.

Penn Credit Corporation is willing and will be prepared to present an oral presentation in the event one is requested by the City.

PART VI: REQUIREMENTS OF THE PROPOSAL

Penn Credit Corporation understands and will comply with all instructions relating to the ***Submission of a Proposal***.

Penn Credit Corporation agrees and will comply with the ***Requirements of the Proposal***. All required information has been provided for the City's review. As requested all appendixes have been labeled appropriately.

**PART VII: PROPOSAL SUMMARY SIGNATURE
PAGE/QUESTIONNAIRE**

**ATTACHMENT TO PG. 18, NO. 5a
BONDING, LIABILITY, WORKERS COMPENSATION
& ERRORS AND OMISSIONS**

Penn Credit Corporation has provided copies of the required bonding and insurance coverages on the following pages.

Our collectors are bonded by errors and omissions.

PART VII PROPOSAL SUMMARY SIGNATURE PAGE/QUESTIONNAIRE

The Proposer hereby offers to enter into a contract with the City of Fort Lauderdale, Florida to provide Delinquent Collection Services, in accordance with the RFP specifications.

Proposer understands that the information contained in these Proposal Summary Pages is to be relied upon by the City in awarding the proposed Contract, and such information is warranted by the Proposer to be true. Proposer agrees to furnish such additional information relating to the qualifications of the Proposer, as may be required by the City, prior to acceptance of any proposal.

Proposer to complete the following:

1. **Company Name:** PENN CREDIT CORPORATION
(legal registered)

Principal Contact: RICHARD S TEMPLIN , PRESIDENT
(name & title)

Company Address: 916 SOUTH 14TH STREET

City: HARRISBURG

State: PA

Zip: 17104

Telephone No: 717 238-7124

Fax No: 717-238-1370

e-mail: RICHARDEMPLEIN@PENNREDIT.COM

Authorized Signature: 

Title: PRESIDENT

2. **ADDENDUM ACKNOWLEDGEMENT** - Proposer acknowledges that the following addenda have been received and are included in his proposal:

Addendum No.

Date Issued

1

APRIL 30, 2004

3. **Prior Experience:** Indicate the number of year experience Proposer has had in providing these services.

16 /years

10 #/years in South Florida

4. Location of Service Facility(ies), if different from address shown above:

SAME AS ABOVE

5. Is there anything in the RFP specifications that are NOT INCLUDED in your bid?

YES: X NO:

If YES, please explain: SAS 70 REPORT - PENN CREDIT CORPORATION DOES NOT HAVE THE SAS 70 REORT READILY AVAILABLE.

5. Bonding & Liability, Workers' Compensation and Errors and Omissions Coverage:
 a. Do you have the required Bonding, Liability, Workers' Compensation and Errors & Omissions Coverage as required by the RFP?

YES: X NO: _____

If no, please explain:

Provide copies of both your Bonding, Liability, Workers' Compensation and Errors & Omissions certificates.

Included?: YES: X NO: _____

SEE ATTACHMENT

- b. Do you have the required Insurance coverages, as contained in Part III, paragraph 4, RFP specifications?

YES: X NO: _____

6. Do you have the required licenses, and/or permits to do business in the State of Florida?

YES: X NO: _____

Broward County?

YES: _____ NO: X - PENN CREDIT CORPORATION WILL

OBTAIN CERTIFICATION AND PROVIDE THE CITY
Please provide copies as an appendix to your proposal response. UPON AWARD OF CONTRACT

Included?: YES: X NO: _____

SEE APPENDIX TO PG. 18, NO. 6

7. List the names and titles the principals, management and personnel who will be assigned to this contract. Include resumes or summary of experience of these persons as an Appendix to the RFP response.

DONALD C DONAGHER JR

CEO/OWNER

RICHARD S TEMPLIN

PRESIDENT

TOM FOLEY JR

SR VICE PRESIDENT OF OPERATIONS

THOMAS PERROTTA

V.P. OF COLLECTIONS

TIMOTHY FOLEY

COLLECTION MANAGER

RICHARD TOPALIAN

MIS DIRECTOR

Capabilities/Experience summaries included? YES: X NO: _____

SEE APPENDIX TO PG. 18, NO. 7

8. List any lawsuits pending or completed involving the corporation, partnership, or individuals with more than ten (10%) percent interest. If additional space is needed, please attach as an appendix to your proposal response.

NONE

- a. List all pending lawsuits which are concerned directly with the staff or part of your organization proposed for the Contract:

NONE

b. List all judgments from lawsuits in the last 5 years which are concerned with the staff or part of your organization proposed for the Contract:

NONE

9. a. Please provide a list of references for whom you currently, or have recently (within the past two years) provided these services, with particular emphasis on other governmental entities. **Include company name, address, contact person and telephone number.** A Minimum of three (3) is requested. If additional space is required, please include this information as an appendix to your RFP response.

PENNSYLVANIA OFFICE OF ATTORNEY GENERAL
STRAWBERRY SQUARE, 15TH FLOOR
FINANCIAL ENFORCEMENT SECTION
HARRISBURG, PA 17120
JILL KEISER, DIRECTOR OF OPERATIONS
717-787-2949.

9. b. Please provide financial references who can substantiate your ability to support the services required for the period of this contract. **Include company name, address, contact person and telephone number.** A Minimum of three (3) is requested. If additional space is required, please include this information as an appendix to your RFP response.

MID PENN BANK
4622 CARLISLE PIKE
MECHANICSBURG PA 17050
ERIC WILLIAMS
717-761-2480

SELIGMAN, FRIEDMAN & CO
1027 MUMMA ROAD
WORMLEYSBURG, PA 17043
MIKE SIGNOR, CPA
717-761-0211

CONTINUED ON APPENDIX TO PG. 19, NO. 9B

10. **Auditors Statement:** Submit a copy of your latest Annual Financial Report as attested to by external Certified Public Accountants.

Included?: YES: X NO: _____

IF NO, explain: SEE APPENDIX TO PG. 19, NO. 10

10.a. Please submit copy of SAS 70 Report

Included?: YES: _____ NO: X

IF NO, explain:

PENN CREDIT CORPORATION DOES NOT HAVE A SAS 70 REPORT

11. **Collection Procedures:** Proposer shall submit a description of your present collection procedures, including the principles you demand of your present employees who will be handling the City's accounts.

Proposer please note: Use the form provided as ATTACHMENT "A" to the RFP for your response. If additional space is required, attached as an appendix to ATTACHMENT "A".

SEE ATTACHMENT A AND APPENDIX TO ATTACHMENT A

12. **Organization:** Submit a summary of your organization, including geographical locations. Include this information as an appendix to your RFP response.

Included? YES: X NO:

SEE APPENDIX TO PG. 20, NO. 12

13. **Hardship Cases:** Proposer shall provide a description of how you handle hardship cases. If additional space is needed, please provide as an appendix to your RFP response.

PENN CREDIT CORPORATION UNDERSTANDS THAT AT TIMES SOME CONSUMERS ARE NOT ABLE TO HONOR THEIR FINANCIAL OBLIGATIONS.

IN SUCH CIRCUMSTANCES, PENN CREDIT CORPORATION WILL MAKE ARRANGEMENTS WITH THOSE INDIVIDUALS THAT ARE SATISFACTORY FOR BOTH THE CREDITOR AND THEMSELVES. PENN CREDIT CORPORATION WILL WORK WITH CCCS AND OTHER NON-PROFIT CONSUMER CREDIT COUNSELING SERVICES.

14. **Reports:** List, in detail, reports that you offer to the City.

Refer to **PART IV, Scope of Services, paragraph #1.1 e.,** of the RFP specifications. Include this information as an appendix to your RFP response.

SEE APPENDIX TO PG. 20, NO. 14

15. **Other Standards Used:** List in detail, any additional standards and/or practices that you consider worthy of consideration by the Evaluation Committee in evaluating your proposal.

SEE APPENDIX TO PG. 20 NO. 15

Include this information as an appendix to your RFP response.

16. **COST TO THE CITY:** Proposer shall indicate, in the space provided, the firm, fixed collection fee for the individual account balance levels as follows:

<u>\$ ACCOUNT VALUE:</u>	<u>COLLECTION FEE %</u>	
	<u>1ST PLACEMENTS_M</u>	<u>2ND PLACEMENTS</u>
\$ 0 - \$100 (*)	17%	25%
\$101 - \$300	17%	25%
\$301 - \$500	17%	25%
\$501 - \$1,000	17%	25%
\$1,001-AND OVER	17%	25%

NOTE: (*) The account bracket marked with the asterisk represents the largest dollar volume of delinquent accounts. For the purpose of tabulation, the City will consider this category as the basis of the "LOWEST PERCENT COLLECTION FEE".

542-9029

17. Are you willing to extend this contract to other municipalities, as specified in the RFP?

YES: X NO: _____

If NO, please provide specifics on the applicable conditions under which you would extend this contract to other Liability municipalities:

18. Who would you partner with for legal follow-up?

PENN CREDIT CORPORATION WOULD UTILIZE THOSE ATTORNEY WHO
HAVE BEEN PROVIDED ON OUR MASTER NETWORK OF ATTORNEY LISTING
PLEASE REFER TO APPENDIX TO PAGE 21, NO. 18

ATTACHMENT "A"

Reference proposal Summary Pages, page 20, paragraph 11, Policy Collection Procedures:

11. DETAILED EXPLANATION OF COLLECTION PROCEDURES:

Provide specific information as to how your collection efforts would increase as the amount to be collected increases.

Indicate, in specific terms, the methodology you will employ to collect the various amounts as shown in paragraph #16, page 21 of the Proposal Summary Pages.

AMOUNTCOLLECTION METHODOLOGY

\$ 0 - \$100: * ACCOUNT IS RECEIVED FOR COLLECTION FROM CLIENT AND THEN DOWN-LOADED INTO OUR COLLECTION SERVICE SYSTEM WITHIN 48 HOURS.

ONCE THE ACCOUNT IS ON OUR SYSTEM, IT IS BATCHED AND SENT OUT FOR ADDRESS* & TELEPHONE VERIFICATION. THIS CAN TAKE UP TO 24 HOURS. OUR VALIDATION NOTICE (1ST LETTER IN SERIES) IS SENT TO DEBTORS WITH GOOD ADDRESSES. ACCOUNTS WITH BALANCES UNDER 500.00 WITH GOOD PHONE NUMBERS ARE PLACED ON DAVIS (digitized automated voice intelligence system). OR PREDICTIVE DIALING.

\$101 - \$300: THE INDIVIDUAL CLIENT SUB LIST WILL BE WORKED UNTIL IT IS EMPTY. THE SUB LIST WILL THEN BE REBUILT AND TIMES WORKED WILL BE STAGGERD. BALANCES UNDER \$250.00 RECIVE THE FOLLOWING SKIP TRACNG.

\$301 - \$500: AUTOMATED ADDRESS VERIFICATION AND AUTOMATED TELEPHONE NUMBER VERIFICATION.

\$501 - \$1000: ACCOUNTS WITH BALANCES OVER \$250.00 WILL BE PLACED WITH COLLECTORS IMMEDIATELY UPON DOWNLOADING. SKIP TRACING SHALL BE PERFORMED BY THE DESIGNATED COLLECTORS AND WILL INCLUDE AUTOMATED ADDRESS VERIFICATION, AUTOMATED TELEPHONE NUMBER VERIFICATION, SOCIAL SECURITY SEACH IF ONE IS NOT PROVIDED, SAME NAMES (2 WILL BE CALLED), AND SAME ADDRESSES OR NEIGHBORS (2 WILL BE CALLED). ALL PROCEDURES CAN BE CUSTOMIZED IN ORDER TO FIT THE NEEDS OF THE CITY

\$1001 - & Over: UP TO FOUR LETTERS WILL BE SENT ON ALL ACCOUNTS DEPENDING ON CLIENT GUIDELINES.

Please add any additional comments considered relevant:

CONTINUED TO APPENDIX TO ATTACHMENT "

542-9029

19. ALTERNATE PROPOSAL: Should you desire to perform this service in a manner not consistent with the general terms of this RFP, please describe fully your methods, their costs and expected benefits to the City.

NONE

Blanket Client Bond

Bond Number: 277699200 BCB

KNOW ALL MEN BY THESE PRESENTS, that PENN CREDIT CORPORATION PENN CREDIT OF MISSOURI, INC. located at 916 S. 14TH STREET, HARRISBURG, PA 17104 as Principal and the TRAVELERS CASUALTY & SURETY COMPANY OF AMERICA, a CONNECTICUT corporation, as Surety, are held and firmly bound unto any person, partnership, association or corporation, including other ACA INTERNATIONAL members, doing business with the above-named Principal, as Oblige, for the sum of TWENTY-FIVE THOUSAND DOLLARS AND NO/100 (\$25,000) who may have been injured or damaged by an act or omission of the Principal as defined by this bond.

WHEREAS, the above bound Principal is a collection agency, and desirous of making bond coverage available in states where no statutory bond is required or as an excess to those states with a requirement.

NOW THEREFORE, the condition of this obligation is such that if the above bound Principal shall account for and remit monies due to the Oblige, this obligation shall be void, otherwise to remain in full force and effect.

PROVIDED, HOWEVER, that this bond is executed upon the following conditions and limitations:

1. The liability to the Surety shall not exceed the penal sum of this bond as listed above.
2. If Oblige is entitled to the benefit of any other valid or enforceable insurance or bond, then this bond shall be in excess to those coverages. Discovery of injury or damage by an obligee shall render void, future coverage under this bond to that specific obligee.
3. This bond shall not be used as a guarantee to fulfill any contract between Principal and Oblige wherein Principal is required by contract to post a surety bond.
4. Any claims on this bond must be submitted, by registered mail, to TRAVELERS CASUALTY & SURETY COMPANY OF AMERICA, Surety Bond Department, ONE TOWER SQUARE, HARTFORD, CT 06183. All claims must be filed within one (1) year of the expiration date of this bond. The Surety is not responsible for claims occurring after the expiration of this bond.
5. Any suit under this bond must take place in a United States court within one year of the expiration date of this bond.
6. In the event there is a recovery of all or a portion of the loss by the Oblige, the Surety shall be reimbursed the amount recovered.
7. In no event shall the obligation of the Surety hereunder exceed in the aggregate, the amount herein stated, regardless of the number of years the bond remains in force, the number of annual premium payments made or the number of claimants or claims made.
8. It is also understood and agreed, that if the surety shall so elect, this bond may be cancelled at any time prior to the expiration date by serving written notice to the Principal.

THIS BOND IS EFFECTIVE ON: JANUARY 01, 2004

AND EXPIRES AT MIDNIGHT (EST), ON: DECEMBER 31, 2004

ISSUE DATE: November 10, 2003

TRAVELERS CASUALTY & SURETY COMPANY OF AMERICA


Attorney-in-fact (Seal)



CERTIFICATE OF INSURANCE

- THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY -

AGENCY INFORMATION FARNHAM INSURANCE AGENCY AA7605 507 NORTH YORK STREET MECHANICSBURG PA 17055-		DATE ISSUED 02/24/04	Initials DMN
NAME AND ADDRESS OF NAMED INSURED CENTRAL CREDIT CONTROL & PENN CREDIT CORP ATIMA 916 S. 14TH STREET HARRISBURG PA 17104-3495		COMPANIES AFFORDING COVERAGES	
		COMPANY LETTER	
		COMPANY LETTER	
		COMPANY LETTER	
		E ERIE INSURANCE EXCHANGE Erie Indemnity Co., Attorney-in-Fact	
		COMPANY LETTER	
		COMPANY LETTER	
		This Certificate is issued for information purposes only. It does not list, amend, extend, or otherwise alter the terms and conditions of insurance coverage contained in the Policy(ies) indicated below issued by The ERIE. The terms and conditions of the Policy(ies) govern the insurance coverage as applied to any given situation. Any party can request a policy and/or Declarations by asking the insured or the agent. Limits shown may have been reduced by claims paid.	

This is to certify that policies, as indicated by Policy Number below, are in force for the Named Insured at this time.

COMPANY LETTER	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE	LIMITS OF LIABILITY IN THOUSANDS (000)		
						EACH OCCURRENCE	AGGREGATE
E	GENERAL LIABILITY <input type="checkbox"/> COMPREHENSIVE FORM INCLUD <input type="checkbox"/> PREMISES-OPERATIONS <input type="checkbox"/> INDEPENDENT CONTRACTORS <input type="checkbox"/> PERSONAL INJURY <input type="checkbox"/> PRODUCTS/COMPLETED <input type="checkbox"/> CONTRACTUAL INSURANCE <input type="checkbox"/> BROAD FORM PROP. DAMAGE <input type="checkbox"/> EXPLOSION HAZARD <input type="checkbox"/> COLLAPSE HAZARD <input type="checkbox"/> UNDERGROUND HAZARD <input type="checkbox"/> ADVERTISING INJURY	Q441950207H	08/19/03	08/19/04	PREMISES/OPERATIONS		
					PERSONAL INJURY	\$ 1,000	\$ 2,000
					PROPERTY DAMAGE	\$ 1,000	\$ 2,000
					SEPARATE PRODUCTS/COMPLETED OPERATIONS		
					PERSONAL INJURY		
					PROPERTY DAMAGE		
					PERSONAL INJURY AND PROPERTY DAMAGE COMBINED		
E	AUTOMOBILE LIABILITY ANY AUTO OWNED, HIRED, NON-OWNED <input type="checkbox"/> OWNED <input type="checkbox"/> HIRED <input type="checkbox"/> NON-OWNED <input type="checkbox"/> GARAGE	Q061530117H7	06/15/03	06/15/04	BODILY INJURY (EACH PERSON)	\$ 500	
					BODILY INJURY (EACH ACCIDENT)	\$ 1,000	
					PROPERTY DAMAGE	\$ 100	
					BODILY INJURY AND PROPERTY DAMAGE COMBINED		
E	EXCESS LIABILITY <input type="checkbox"/> BUSINESS CATASTROPHE	Q361270025H	12/12/03	12/12/04	PERSONAL INJURY AND PROPERTY DAMAGE COMBINED	\$ 10,000	\$ 10,000
E	WORKERS COMPENSATION AND EMPLOYERS LIABILITY	Q921900192H	08/19/03	08/19/04	STATUTORY		
E	OTHER COMMERCIAL CRIME	Q906550026H	06/15/03	06/15/04	BODILY INJURY BY ACCIDENT DISEASE DISEASE	\$ 500 \$ 500 \$ 500	EACH ACCIDENT POLICY LIMIT EACH EMPLOYEE
					250,000		

DESCRIPTIONS OF OPERATIONS / LOCATIONS / VEHICLES
Collection Agency

CANCELLATION FOR NON-PAYMENT, CAUSE OR NAMED INSURED'S REQUEST: When an automobile policy is cancelled, written notice will be mailed to the Certificate Holder. When any of the above policies (other than automobile) are cancelled before the expiration date thereof, The ERIE will endeavor to mail written notice to the Certificate Holder after the decision to cancel. Failure to mail such notice shall impose no obligation or liability of any kind upon The ERIE, its Agents or representatives.

CANCELLATION FOR SPECIAL CONTRACTS: If the box is checked, this certificate involves a special contract and the following cancellation provisions apply.) When an automobile policy is cancelled, written notice will be mailed to the Certificate Holder. When any of the above described policies (other than automobile) are cancelled before the expiration thereof, The ERIE will endeavor to mail 30 days written notice to the Certificate Holder after the decision to cancel. Failure to mail such notice shall impose no obligation or liability of any kind upon The ERIE, its Agents or representatives.

NAME AND ADDRESS OF CERTIFICATE HOLDER

ATTENTION CERTIFICATE HOLDER

If your firm is a Certificate Holder for other policies of this insured, Certificates of Insurance for these other policies will be forwarded to you as soon as they are processed.

AUTHORIZED



ERIE
INSURANCE
GROUP
100 Erie Ins Pl
Erie, PA 16530

INFORMATION PAGE

PRIOR POLICY NUMBER - Q92 1900192 H

AGENT		INSURANCE IS PROVIDED BY	POLICY NUMBER	BRANCH CODE
AA7716 FARNHAM INSURANCE AGY		ERIE INSURANCE EXCHANGE 18457	Q92 1900192 H	

ITEM 1. NAMED INSURED AND ADDRESS	
CENTRAL CREDIT CONTROL & PENN CREDIT CORPORATION 916 S 14TH ST HARRISBURG PA 17104-3425	

RENEWAL CERTIFICATE
CORPORATION DAUPHIN CO
OTHER WORKPLACES NOT SHOWN ABOVE - AS SCHEDULED FED ID # 25-1761153
RISK IDENTIFICATION NUMBER - 002899016

ITEM 2. THE POLICY PERIOD IS FROM 08/19/03 TO 08/19/04 AT THE INSUREDS
MAILING ADDRESS.

ITEM 3.A. WORKERS COMPENSATION INSURANCE- PART ONE OF THE POLICY APPLIES TO THE
WORKERS COMPENSATION LAW OF THE STATES LISTED HERE- PA.

ITEM 3.B. EMPLOYERS LIABILITY INSURANCE- PART TWO OF THE POLICY APPLIES TO WORK
IN EACH STATE LISTED IN ITEM 3.A. THE LIMITS OF OUR LIABILITY UNDER PART TWO ARE-
BODILY INJURY BY ACCIDENT \$500,000 EACH ACCIDENT
BODILY INJURY BY DISEASE \$500,000 POLICY LIMIT
BODILY INJURY BY DISEASE \$500,000 EACH EMPLOYEE

ITEM 3.C. OTHER STATES INSURANCE- PART THREE OF THE POLICY APPLIES TO THE
STATES, IF ANY, LISTED HERE- ALL STATES EXCEPT ND, OH, WA, WV, WY, STATES
DESIGNATED IN ITEM 3.A.,

ITEM 3.D. SEE ATTACHED ENDORSEMENT SCHEDULE

ITEM 4. THE PREMIUM FOR THIS POLICY WILL BE DETERMINED BY OUR MANUALS OF RULES,
CLASSIFICATIONS, RATES AND RATING PLANS. ALL INFORMATION REQUIRED BELOW IS
SUBJECT TO VERIFICATION AND CHANGE BY AUDIT.

SEE ATTACHED SCHEDULE OF OPERATIONS		15,230
EXPENSE CONSTANT		140
MINIMUM PREMIUM \$230	TOTAL ESTIMATED ANNUAL PREMIUM	\$15,370
CODE 0938	DEPOSIT PREMIUM	\$15,370
	PA EMPLOYER ASSESSMENT	\$430
	TOTAL AMOUNT	\$15,800

PA RATES, MIN. PREM. AND/OR DEVIATIONS MAY CHANGE

ACORD**CERTIFICATE OF INSURANCE**

POLICY NUMBER: 1000000000

PRODUCER

AON RISK SERVICES INC. OF MINNESOTA
8300 NORMAN CENTER DRIVE, SUITE 400
MINNEAPOLIS, MN 55437
(952) 926-6547

INSURED

PENN CREDIT CORPORATION

916 S. 14TH ST.

HARRISBURG, PA, 17104

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY A Gulf Insurance Company
LETTER

COMPANY B
LETTER

COMPANY C
LETTER

COMPANY D
LETTER

COMPANY E
LETTER

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NO.	POLICY EFFECTIVE DATE(MM/DD/YY)	POLICY EXPIRATION DATE(MM/DD/YY)	LIMITS
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S&CONTRACTORS PROT.				GENERAL AGGREGATE \$ PRODUCTS-COMP/OP AGG. \$ PERSONAL&ADV.INJURY \$ EACH OCCURRENCE \$ FIRE DAMAGE(Any One Fire) \$ MED.EXPENSE(Any One Person) \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> GARAGE LIABILITY				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per Person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE
	WORKER'S COMPENSATION AND				<input type="checkbox"/> STATURY LIMITS EACH ACCIDENT \$ DISEASE-POLICY LIMIT \$ DISEASE- EACH EMPLOYEE \$
	OTHER ERRORS & OMISSIONS LIABILITY INCLUDING PERSONAL INJURY	GA9499193	11/1/2003	11/1/2004	\$5,000,000.00 Per Claim & Aggregate Per Year Includes:

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

CITY OF CINCINNATI TWO CENTENNIAL PLAZA shall be deemed an Insured but only as respect to their being a Client or Customer of the Insured Organization, in accordance with Policy terms and conditions.

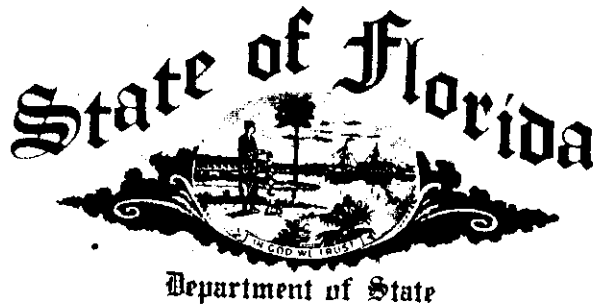
CERTIFICATE HOLDER**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE:

James W. Sherry

APPENDIX TO PG. 18, NO. 6
LICENSE/PERMITS



I certify from the records of this office that PENN CREDIT CORPORATION doing business in Florida as PENN/CENTRAL CORPORATION is a Pennsylvania corporation authorized to transact business in the State of Florida, qualified on May 27, 1999.

The document number of this corporation is F99000002722.

I further certify that said corporation has paid all fees due this office through December 31, 2003, that its most recent annual report/uniform business report was filed on July 21, 2003, and its status is active.

I further certify that said corporation has not filed a Certificate of Withdrawal.



Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
Twenty-third day of July, 2003

Glenda E. Hood
Glenda E. Hood
Secretary of State

STATE OF FLORIDA

326369

DEPARTMENT OF FINANCIAL SERVICES

200 EAST GAINES STREET, TALLAHASSEE, FLORIDA 32399-0375 PHONE (850) 410-9895

CONSUMER COLLECTION AGENCY REGISTRATION

THE CONSUMER COLLECTION AGENCY INDICATED BELOW IS REGISTERED
UNDER THE PROVISIONS OF CHAPTER 559 PART VI, FLORIDA STATUTES.
EFFECTIVE DATE: 01/01/04 EXPIRATION DATE: 12/31/04

BUSINESS LOCATION: 916 S 14 ST
HARRISBURG, PA 17104

AUDIT NUMBER
CCA 0400387

PENN CREDIT CORPORATION
PO BOX 988
HARRISBURG, PA 17108-0988

Don B. Saxon

DIRECTOR, OFFICE OF
FINANCIAL INSTITUTIONS
AND SECURITIES REGULATION

APPENDIX TO PG. 18, NO. 7
SUMMARY OF PERSONNEL'S EXPERIENCE

Donald C. Donagher, Jr., CEO/Chairman – has been in the collection business for over 30 years. He is an active member of the American Collectors Association (ACA). He is responsible for all facets of Penn Credit and Central Credit Control, the sister company of Penn Credit Corporation. Mr. Donagher's achievements and success include receiving the Beacon award through ACA and the Dr. Martin Luther King Community Leader Award. In 1994 and 1995 he was chosen as a finalist for the entrepreneur of the year service division and served as a board member for the Capital Regional Chamber of Commerce.

Richard S. Templin, President -started his career in 1968, when he worked for the Harrisburg Steel Corporation for two (2) years, then, in 1970 he decided to work for Hempt Brothers for another year, and an additional year for Medical Dental Bureau of York County where he collected delinquent medical accounts. In 1972, he held the position of the Director of Central Services until 1977. He developed and implemented a collection service to handle city utilities (water, sewerage refuse and disposal charges). He also managed Mercantile Tax and Parking Meter violations. From 1977 until 1983 he was active as Director of Registration and Collection for Harrisburg Hospital. At Harrisburg Hospital, his duties included: all admitting and registration functions, third party claims, correspondence or inquiries. He served up to 77 employees and was responsible for A/R and write offs. For the next two (2) years, he was a Professional Consultant for Healthcare Financial Services to Healthcare industry with emphasis on cash flow management. Professional speaking services were likewise provided to Professional Groups such as AGPAM, American Guild to Patient Accounts Management and MGMA, Medical Group Managers Association. For the following two (2) years, until 1985, he worked for Central Credit Audit as Manager of all daily activities of the company. He supervised diversified financial services, accounts receivable management and consulting services until he joined our company in 1987, where he is now responsible for the day to day control and productivity of Penn Credit Corporation.

Thomas F. Foley, Senior Vice President Of Operations – has over ten (10) years of collection experience. Starting out in a business with a total of eleven employees, Mr. Foley was a part of the transition stage that PCC / CCC endured through it's growth periods. He has worked in almost every department including clerical, acting as receptionist, collections, MIS support staff and supervisor and Manager of collections. He is also part of the collection decision making and his knowledge is required in matters of interest with how the business is run.

Thomas D. Perrotta, Vice President Of Collection – has been employed with Penn Credit Corporation since 1995. His responsibilities include handling and monitoring all aspects of daily collection activity. Prior to his employment with Penn Credit Corporation, he developed collections strategies and training programs, which increased revenues for ECC Management Services, King of Prussia, PA. Under his direction, the department team exceeded its gross fee. Along with this accomplishment, he was responsible for servicing large-scale clients and maintaining successful business relationships with several Fortune 500 companies. He implemented a successful business strategy, which improved the revenue of the Pittsburgh, PA branch. Tom also Analyzed and coordinated several large projects, which improved specific work flow problems within the company and implemented an effective strategy to remedy the problem areas. Assisted in the development of new employee training programs and conducted training for all new employees. His accomplishments earned him "Employee of the Month" for three consecutive months.

Tim Foley, Collection Manager – has been employed with Penn Credit Corporation since 1992. He is a licensed collection manager through ACA and within the State of Michigan. Tim is responsible for providing training to new employees, client liaison for healthcare clients. He enforces all policies and procedures, trains and hires new employees and is responsible for all lower management, which includes 3 Assistant Managers, 6 Floor Managers and 3 Collection Supervisors. His responsibilities also include handling client/consumer complaints and setting collection goals and projections. He manages all reporting and forecasting for individual collections and clients and performs client and collection audits.

Richard P. Topalian, Director of MIS – has been employed by the corporation since 1990. As Director of the MIS Department he is in charge of all computer enhancements, revisions and specialized client customized software for our in-house operations. His responsibilities extend to the design and development of all collection agency system applications, Purchasing collection system hardware & development software, maintaining agency database of over 5 million accounts for over 500 clients, all communication with client's management and DP staff in relation to software and hardware. His supervisor duties include monitoring daily procedures including that of account placements on our collection system and all automated data transfers to and from clients.

**APPENDIX TO PG. 19, NO. 9a
REFERENCES**

Pennsylvania Department of Revenue

Strawberry Square, 9th Floor

Harrisburg, PA 17120

Karren Gilchrist, Supervisor Bad Checks

(717) 787-1601 Phone

(717) 783-4331 Fax

kgilchrist@state.pa.us

Contract Period: 1995 – Current

Collection of annual income, corporate
and sales taxes and lottery bureau

Services Provided: 1st Placements

City of Fort Lauderdale

100 North Andrews Avenue

Fort Lauderdale, FL 33301

Boe Cole, City Treasurer

(954) 828-5157

(954) 828-3704 Fax

Contract Period: 1998-2004

Collection of Delinquent Utility Bills,
Misc. Receivables, Parking Tickets, Fire
Records, EMS Bills

Services Provided: 1st Placements

City of Boca Raton

Purchasing Department

201 West Palmetto Park Road

Boca Raton, FL 33432

Tricia Borsdorf, Customer Service
Supervisor

(561) 393-7739

(561) 367-7009 Fax

Contract Period: 1995 – current

Collection of Parking, Water and misc
debts

Services Provided: 1st Placements

Orlando Utilities Commission

500 S Orange Avenue

Orlando FL 32802

Carol Brewer Collections Mgr

(407) 423-9100

(407) 236-9630 Fax

Contract Period: 2002-current

Collection of water, sewer, electric,
garbage

Services Provided: 1st Placements

Palm Beach County

301 North Olive Avenue, 7th Floor

West Palm Beach, FL 33401

Glen Meeder, Collections Coordinator

(561) 355-4010

(561) 355-2109 Fax

gmeeder@co.palm-beach.fl.us

Contract Period: 1997 - current

Collection of routine debts and
specialized debts

Services Provided: 1st Placements

City of Philadelphia

Department of Revenue

Room 630, Municipal Services Building

1401 JFK Boulevard

Philadelphia, PA 19102

Jim Haley, Assistant Revenue Director

(215) 686-6404 Phone

(215) 686-6537 Fax

Allegheny Power

P.O. Box 1392

Fairmont, WV 26555

Telissa Jackson, Credit Assoc.

(800) 255-3443 Phone

tjacks3@alleghenypower.com

Contract Period

Collection of Delinquent Electric &
Gas Bills

Services Provided: 1st Placements

Dominion Virginia Power

One James River

PO Box 26666

Richmond, Va 23261

Chuck Bedall

(804) 771-3516

Contract Period: 2002-2004

Collection of electric accounts

Services Provided: 2nd Placements

Potomac Electric Power Co

701 9th Street N.W. 7th Floor

Washington, DC 20068

Sylvia Spears, Supervisor of Final Bills
& Bankruptcy

sespears@pepco.com

(202) 872-2709

Contract Period: 1991-1993; 2000-
Current

Collection of Delinquent Electric Bills

Services Provided: 1st Placements

APPENDIX TO PG. 19, NO. 9b
FINANCIAL REFERENCES

Chrysler Financial
P.O. Box 600
Newark, NJ 07101
Customer Service
800-955-4553

American Speedy Printing
829 State Street
Lemoyne, PA 17043
Dominick Fulginitti
717-737-1054

**APPENDIX TO PG. 19, NO. 10
ANNUAL FINANCIAL REPORT**

**PENN CREDIT
CORPORATION**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2003 AND 2002

PENN CREDIT CORPORATION

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STATEMENTS OF CASH FLOWS	4
NOTES TO FINANCIAL STATEMENTS	5 - 11



SELIGMAN, FRIEDMAN & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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Board of Directors
Penn Credit Corporation
916 South 14th Street
Harrisburg, Pennsylvania 17104

We have reviewed the accompanying Balance Sheets of **Penn Credit Corporation** as of December 31, 2003 and 2002, and the related Statements of Income and Retained Earnings, and Cash Flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the financial statements is the representation of the management of **Penn Credit Corporation**.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Seligman Friedman & Company P.C.

Harrisburg, Pennsylvania
February 6, 2004

Page 1

Art N. Levy, CPA, CSEP
David L. Waltemyer, CPA
James A. Smeltzer, CPA, ABV
Art S. Freed, CPA, CFA, CFP

David G. Phillips, CPA
John J. Cardello, CPA
Calvin J. Wagner, CPA

Jodi L. Green, CPA
Michael S. Signor, CPA, ABV
James J. Karchner, CPA/PFS, CFP

Arthur J. Fult, CPA, CFA
Edward E. Wagoner, CPA
Claire S. Weaver, CPA, CSEP
Founding Partner
Murray D. Friedman, CPA

PENN CREDIT CORPORATION

BALANCE SHEETS

	ASSETS	December 31,	
		2003	2002
CURRENT ASSETS			
Cash		\$ 133,789	\$ 244,867
Accounts Receivable		1,213,779	1,109,433
Accounts Receivable - Affiliates		13,788	13,788
Accounts Receivable - Central Credit Control		766,051	394,059
Accounts Receivable - Other		2,109	0
Advances - Officers		0	2,480
Prepaid Rent		60,000	0
TOTAL CURRENT ASSETS		<u>2,189,516</u>	<u>1,764,627</u>
PROPERTY AND EQUIPMENT - At Cost,			
Less Accumulated Depreciation		510,313	340,788
OTHER ASSETS			
Investments		1,041	7,416
Deposits		<u>3,646</u>	<u>3,646</u>
TOTAL OTHER ASSETS		<u>4,687</u>	<u>11,062</u>
TOTAL ASSETS		<u>\$2,704,516</u>	<u>\$2,116,477</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Line of Credit		\$ 70,311	\$ 15,950
Accounts Payable - Trade		122,732	26,821
Accounts Payable - Other		0	219
Collections Payable		1,448,892	1,049,072
Sales and Use Tax Payable		2,139	1,626
Accrued and Withheld Payroll and Payroll Taxes		9,312	7,369
Accrued Corporate Taxes		108,303	184,567
Current Portion of Capital Leases		0	20,621
Current Portion of Long-Term Debt		<u>150,011</u>	<u>110,626</u>
TOTAL CURRENT LIABILITIES		<u>1,911,700</u>	<u>1,416,871</u>
LONG-TERM DEBT		246,440	156,616
DEFERRED TAXES		11,945	13,628
STOCKHOLDERS' EQUITY			
Common Stock - \$1 Par Value; 1,000 Shares Authorized; 700 Shares Issued and Outstanding		700	700
Retained Earnings		<u>533,731</u>	<u>528,662</u>
TOTAL STOCKHOLDERS' EQUITY		<u>534,431</u>	<u>529,362</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$2,704,516</u>	<u>\$2,116,477</u>

See accountants' review report and accompanying notes

PENN CREDIT CORPORATION

STATEMENTS OF INCOME AND RETAINED EARNINGS

	Year Ended December 31, 2003		Year Ended December 31, 2002	
	<u>Amount</u>	<u>% of Income</u>	<u>Amount</u>	<u>% of Income</u>
COMMISSION INCOME	\$9,141,709	100.0	\$8,711,791	100.0
COLLECTION EXPENSE				
Central Credit Control	<u>6,079,667</u>	<u>66.5</u>	<u>5,642,708</u>	<u>64.8</u>
GROSS PROFIT	3,062,042	33.5	3,069,083	35.2
OPERATING EXPENSES	<u>2,946,079</u>	<u>32.2</u>	<u>2,692,532</u>	<u>30.9</u>
INCOME FROM OPERATIONS	115,963	1.3	376,551	4.3
INTEREST EXPENSE	<u>18,814</u>	<u>0.2</u>	<u>19,603</u>	<u>0.2</u>
INCOME BEFORE OTHER INCOME (EXPENSE)	97,149	1.1	356,948	4.1
OTHER INCOME (EXPENSE)	<u>14,391</u>	<u>0.2</u>	<u>(7,650)</u>	<u>(0.1)</u>
INCOME BEFORE CORPORATE TAX PROVISION	111,540	1.3	349,298	4.0
CORPORATE TAX PROVISION				
Current	108,154	1.2	193,520	2.2
Deferred	<u>(1,683)</u>	<u>0.0</u>	<u>(4,793)</u>	<u>0.0</u>
TOTAL CORPORATE TAX PROVISION	<u>106,471</u>	<u>1.2</u>	<u>188,727</u>	<u>2.2</u>
NET INCOME	\$ <u>5,069</u>	<u>0.1</u>	\$ <u>160,571</u>	<u>1.8</u>
RETAINED EARNINGS				
Beginning Balance	\$528,662		\$368,091	
Net Income	<u>5,069</u>		<u>160,571</u>	
ENDING BALANCE	<u>\$533,731</u>		<u>\$528,662</u>	

See accountants' review report and accompanying notes.

PENN CREDIT CORPORATION
STATEMENTS OF CASH FLOWS

	Years Ended	
	December 31,	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 5,069	\$160,571
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	153,053	114,068
Loss on Disposal of Assets	0	10,760
Unrealized Loss on Marketable Securities	6,375	2,584
(Increase) Decrease in		
Accounts Receivable	(104,346)	(314,634)
Account Receivable - Affiliates	0	26,212
Account Receivable - Central Credit Control	(371,992)	(336,816)
Accounts Receivable - Other	(2,109)	47,369
Advances - Officers	2,480	13,344
Deposits	0	946
Prepaid Rent	(60,000)	0
Increase (Decrease) in		
Accounts Payable - Trade	95,693	(59,575)
Collections Payable	399,820	213,912
Sales and Use Tax Payable	513	685
Accrued and Withheld Payroll and Payroll Taxes	1,942	1,631
Accrued Corporate Taxes	(76,264)	147,262
Deferred Taxes	(1,683)	(4,793)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>48,551</u>	<u>23,526</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(322,578)	(81,465)
Purchase of Marketable Securities	0	(10,000)
NET CASH USED BY INVESTING ACTIVITIES	<u>(322,578)</u>	<u>(91,465)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Borrowings on Line of Credit	54,361	15,950
New Term Notes	244,500	0
Payments on Long-Term Debt	(115,291)	(28,484)
Payments on Obligations under Capital Leases	(20,621)	(59,458)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>162,949</u>	<u>(71,992)</u>
NET DECREASE IN CASH	<u>(111,078)</u>	<u>(139,931)</u>
CASH - BEGINNING	<u>244,867</u>	<u>384,798</u>
CASH - ENDING	<u>\$133,789</u>	<u>\$244,867</u>
SUPPLEMENTAL DISCLOSURES		
Interest Paid	\$18,814	\$19,603
Income Taxes Paid	\$174,056	\$32,722

See accountants' review report and accompanying notes

PENN CREDIT CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Penn Credit Corporation was incorporated in the Commonwealth of Pennsylvania on June 9, 1987. The Corporation provides billing and collection management services for its customers.

Accounting Method and Revenue Recognition

The financial statements reflect the accrual method of accounting. The Corporation recognizes income upon collection of customer billings.

Accounts Receivable and Bad Debt

The Corporation writes-off any accounts deemed to be uncollectible. Potential bad debt at the end of the period is immaterial in relation to total accounts receivable. Therefore, a reserve for doubtful accounts has not been established.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method for book purposes over the estimated useful lives of the assets. Depreciation is computed using accelerated methods for tax purposes pursuant to Internal Revenue Service Guidelines.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the bases of assets and liabilities for financial statement and income tax purposes. These temporary differences result from the depreciation methods used for tax and book purposes.

Advertising

Advertising is expensed as incurred. Advertising costs for the years ended December 31, 2003 and 2002 were \$31,859 and \$24,988, respectively.

PENN CREDIT CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Corporation considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CONCENTRATION OF CREDIT RISKS

The Corporation maintains their cash accounts primarily at a single institution. The balance, at times, may exceed the federally insured limit of \$100,000. The Corporation had cash on deposit in a single institution of \$133,789 at December 31, 2003.

The Corporation has a loan receivable from Central Credit Control at December 31, 2003 of \$866,051. Mr. Donald C. Donagher, Jr., who owns fifty-one percent of Penn Credit Corporation, is the sole stockholder of Central Credit Control.

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>Useful Lives</u>	<u>2003</u>	<u>2002</u>
Equipment	5 - 7 Years	\$ 469,901	\$ 424,369
Furniture	7 Years	291,372	291,372
Vehicles	5 Years	538,963	275,338
Building Improvements	7 - 39 Years	110,733	97,312
Total Property and Equipment		1,410,969	1,088,391
Less: Accumulated Depreciation		(900,656)	(747,603)
Net Book Value		<u>\$ 510,313</u>	<u>\$ 340,788</u>

Depreciation for the years ended December 31, 2003 and 2002 was \$153,053 and \$114,068, respectively.

PENN CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2003 AND 2002

4. LINE OF CREDIT

The Corporation has a revolving line of credit from Mid Penn Bank with available borrowings of \$150,000. Interest is due monthly on the outstanding balance at a rate equivalent to the prime rate as quoted in the Wall Street Journal. The interest rate at December 31, 2003 was 3.5 percent. Borrowings on the line of credit are secured by a pledge of the Corporation's assets and the personal guarantees of the stockholders. The Corporation has \$70,311 outstanding on the line of credit at December 31, 2003.

5. COLLECTIONS PAYABLE

The balances of collections payable at December 31, 2003 and 2002 of \$1,448,892 and \$1,049,072, respectively represent remittances received by the Corporation on behalf of clients, but not yet paid.

6. LONG-TERM CAPITAL LEASES

The Corporation leases various office furniture and equipment under capital leases. The economic substance of the lease is that the Corporation is financing the acquisition of these items through the lease and, accordingly, they have been recorded in the Corporation's assets and liabilities. Each lease contains a \$1 purchase option upon expiration of the lease term.

The following is a schedule of the present value of the leases at December 31, including the current portion:

	<u>Interest Rate</u>	<u>2003</u>	<u>2002</u>
Capital Lease - Progress Leasing	19.0%	\$0	\$ 2,439
Capital Lease - Dana Commercial Credit	13.0%	0	18,182
Total		0	20,621
Less: Current Portion of Capital Leases		0	(20,621)
Total Long-Term Capital Leases		\$0	\$ 0

PENN CREDIT CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2003 AND 2002

LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	<u>Interest Rate</u>	<u>2003</u>	<u>2002</u>
a. Note Payable - Mercedes Benz Credit	9.25%	\$ 17,880	\$ 30,773
b. Note Payable - Allfirst Bank	6.99%	5,942	9,193
c. Note Payable - Chrysler Financial	7.75%	11,358	14,570
d. Note Payable - Mid Penn Bank	4.75%	61,779	143,034
e. Note Payable - Chase	4.99%	135,152	0
f. Note Payable - PNC Bank	9.40%	2,232	10,657
g. Note Payable - Mid Penn Bank	5.00%	19,125	0
h. Note Payable - Mid Penn Bank	6.77%	29,720	37,408
i. Note Payable - Lexus Financial	7.05%	13,109	21,607
j. Note Payable - Honda	3.70%	21,895	0
k. Note Payable - Chase	3.20%	78,259	0
Total		396,451	267,242
Less: Current-Portion		(150,011)	(110,626)
Total Long-Term Debt		<u>\$246,440</u>	<u>\$156,616</u>

- a. The note requires monthly principal and interest payments of \$1,267 and is collateralized by a vehicle.
- b. The note requires monthly principal and interest payments of \$316 and is collateralized by a vehicle.
- c. The note requires monthly principal and interest payments of \$373 and is collateralized by a vehicle.
- d. The note requires monthly principal and interest payments of \$4,388 and is collateralized by the Corporation's assets. The note has a variable interest rate, which is determined by the prime rate as quoted in the Wall Street Journal. The loan balance is guaranteed by the stockholders.

PENN CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2003 AND 2002

LONG-TERM DEBT (Continued)

- e. The note requires monthly principal and interest payments of \$2,500 and is collateralized by a vehicle.
- f. The note requires monthly principal and interest payments of \$756 and is collateralized by furniture and equipment.
- g. The note requires monthly principal and interest payments of \$1,106 and is collateralized by a vehicle.
- h. The note requires monthly principal and interest payments of \$832 and is collateralized by a vehicle.
- i. The note requires monthly principal and interest payments of \$813 and is collateralized by a vehicle.
- j. The note requires monthly principal and interest payments of \$448 and is collateralized by a vehicle.
- k. The note requires monthly principal and interest payments of \$1,532 and is collateralized by a vehicle.

The following is a summary of the maturity of long-term debt over the next five years:

2004	\$150,011
2005	87,107
2006	62,160
2007	54,552
2008	42,621
Total	<u>\$396,451</u>

PENN CREDIT CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2003 AND 2002

8. OPERATING LEASES

The Corporation leases certain office equipment and various vehicles pursuant to operating leases. Total lease payments for the vehicles were \$33,717 and \$24,500 for the years ended December 31, 2003 and 2002, respectively.

Annual payments pursuant to the vehicle leases over the next five years are as follows:

2004	
2005	\$ 50,244
2006	48,638
2007	15,486
2008	0
	<u>0</u>
Total	<u>\$114,368</u>

The Corporation leases its office space under operating leases with a related party (See Note 12). The Corporation leases additional office space from a third-party lessor that requires monthly payments of \$2,314. This lease expires February 2004. Total rents paid for use of all office space were \$166,346 and \$265,086 for the years ended December 31, 2003 and 2002, respectively.

The following is a schedule of annual minimum lease payments for use of office facilities over the next five years:

2004	
2005	\$85,454
2006	2,314
2007	0
2008	0
	<u>0</u>
Total	<u>\$87,768</u>

9. RETIREMENT PLAN

The Corporation sponsors a deferred compensation plan allowing employees to make voluntary contributions towards their retirement. The plan is qualified under Internal Revenue Service Code Section 401(k). The Corporation matches a portion of the employee deferral amount. Retirement plan expense for the years ended December 31, 2003 and 2002 was \$8,082 and \$8,419, respectively.

PENN CREDIT CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2003 AND 2002

10. CORPORATE TAX PROVISION

The provision for income taxes is comprised as follows as of December 31, 2003:

Current Year Accrual	\$153,154
Deferred	<u>(1,683)</u>
Total	<u>\$151,471</u>

11. DEFERRED TAXES

At the end of 2003, deferred tax liabilities recognized for temporary differences related to depreciation amounted to \$11,945. This amount has been reported as a deferred tax liability on the Corporation's Balance Sheets at December 31, 2003.

12. RELATED PARTY TRANSACTIONS

The Corporation leases office space from 916 South 14th Street Partnership. The Corporation was owed \$13,788 from Penn Credit Corporation II, a related entity. The owners of Penn Credit Corporation jointly own this entity. Monthly rent at December 31, 2003 was \$11,667. Total rents paid to the partnership for the year ended December 31, 2003 was \$140,000. In addition the Corporation had prepaid rent of \$60,000 to the partnership at December 31, 2003.

The Corporation pays a collection expense for administrative and other services provided by Central Credit Control. Central Credit Control is a corporation owned by Mr. Donald C. Donagher, a fifty-one percent owner of Penn Credit Corporation. Commission expense related to Central Credit Control for the year ended December 31, 2003 was \$6,079,667. The Corporation was owed \$766,051 from Central Credit Control at December 31, 2003.

The Corporation was owed \$80,000 from Penn Credit Corporation II at December 31, 2003. This amount was included in accounts receivable at December 31, 2003. Penn Credit Corporation II shares common ownership with Penn Credit Corporation.

13. SUBSEQUENT EVENT

On February 5, 2004, the Corporation obtained a \$400,000 loan from Mid Penn Bank. The loan has a variable rate of interest based upon the prime rate as quoted in the Wall Street Journal, which was 4.0 percent as of February 5, 2004. The loan requires monthly interest payments only with the principal due and payable on August 5, 2004. This loan is secured by the Corporation's assets and is guaranteed by the stockholders.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2002 AND 2001

APRIL 23, 2003
DATE

SELIGMAN, FRIEDMAN & COMPANY, P.C. / CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

PENN CREDIT CORPORATION

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Board of Directors

Penn Credit Corporation

916 South 14th Street

Harrisburg, Pennsylvania 17104

We have reviewed the accompanying Balance Sheets of **Penn Credit Corporation** as of December 31, 2002 and 2001, and the related Statements of Income and Retained Earnings, and Cash Flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of **Penn Credit Corporation**.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Seligman Friedman & Company P.C.

Harrisburg, Pennsylvania

February 11, 2003

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PENN CREDIT CORPORATION

BALANCE SHEETS

	<u>December 31,</u>	
	<u>2002</u>	<u>2001</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 244,867	\$ 384,798
Accounts Receivable	1,109,433	794,799
Accounts Receivable - Affiliates	13,788	40,000
Accounts Receivable - Central Credit Control	394,059	57,243
Accounts Receivable - Other	0	47,149
Advances - Officers	<u>2,480</u>	<u>15,824</u>
TOTAL CURRENT ASSETS	1,764,627	1,339,813
PROPERTY AND EQUIPMENT - At Cost,		
Less Accumulated Depreciation	340,788	384,152
OTHER ASSETS		
Investments	7,416	0
Deposits	<u>3,646</u>	<u>4,592</u>
TOTAL OTHER ASSETS	11,062	4,592
TOTAL ASSETS	<u>\$2,116,477</u>	<u>\$1,728,557</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Line of Credit	\$ 15,950	\$ 0
Accounts Payable - Trade	26,821	86,396
Accounts Payable - Other	219	0
Collections Payable	1,049,072	835,160
Sales and Use Tax Payable	1,626	941
Accrued and Withheld Payroll and Payroll Taxes	7,369	5,738
Accrued Corporate Taxes	184,567	37,305
Current Portion of Capital Leases	20,621	56,946
Current Portion of Long-Term Debt	<u>110,626</u>	<u>89,526</u>
TOTAL CURRENT LIABILITIES	1,416,871	1,112,012
LONG-TERM CAPITAL LEASES	0	23,133
LONG-TERM DEBT	156,616	206,200
DEFERRED TAXES	13,628	18,421
STOCKHOLDERS' EQUITY		
Common Stock - \$1 Par Value; 1,000 Shares Authorized;		
700 Shares Issued and Outstanding	700	700
Retained Earnings	<u>528,662</u>	<u>368,091</u>
TOTAL STOCKHOLDERS' EQUITY	<u>529,362</u>	<u>368,791</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$2,116,477</u>	<u>\$1,728,557</u>

See accountants' review report and accompanying notes.

PENN CREDIT CORPORATION

STATEMENTS OF INCOME AND RETAINED EARNINGS

	Year Ended December 31, 2002		Year Ended December 31, 2001	
	Amount	% of Income	Amount	% of Income
COMMISSION INCOME	\$8,711,791	100.0	\$7,188,958	100.0
COLLECTION EXPENSE				
Central Credit Control	<u>5,642,708</u>	<u>64.8</u>	<u>4,592,851</u>	<u>63.9</u>
GROSS PROFIT	3,069,083	35.2	2,596,107	36.1
OPERATING EXPENSES	<u>2,692,532</u>	<u>30.9</u>	<u>2,530,680</u>	<u>35.2</u>
INCOME FROM OPERATIONS	376,551	4.3	65,427	0.9
INTEREST EXPENSE	<u>19,603</u>	<u>0.2</u>	<u>91,862</u>	<u>1.3</u>
INCOME (LOSS) BEFORE OTHER INCOME (EXPENSE)	356,948	4.1	(26,435)	(0.4)
OTHER INCOME (EXPENSE)	<u>(7,650)</u>	<u>(0.1)</u>	<u>35,046</u>	<u>0.5</u>
INCOME BEFORE CORPORATE TAX PROVISION	349,298	4.0	8,611	0.1
CORPORATE TAX PROVISION				
Current	193,520	2.2	23,581	0.3
Deferred	<u>(4,793)</u>	<u>0.0</u>	<u>(4,607)</u>	<u>(0.1)</u>
TOTAL CORPORATE TAX PROVISION	<u>188,727</u>	<u>2.2</u>	<u>18,974</u>	<u>0.2</u>
NET INCOME (LOSS)	<u>\$ 160,571</u>	<u>1.8</u>	<u>\$ (10,363)</u>	<u>(0.1)</u>
RETAINED EARNINGS				
Beginning Balance	\$368,091		\$378,454	
Net Income (Loss)	<u>160,571</u>		<u>(10,363)</u>	
ENDING BALANCE	<u>\$528,662</u>		<u>\$368,091</u>	

See accountants' review report and accompanying notes.

PENN CREDIT CORPORATION

STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$160,571	\$ (10,363)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities		
Depreciation	114,068	118,804
Loss on Disposal of Assets	10,760	0
Unrealized Loss on Marketable Securities	2,584	0
(Increase) Decrease in		
Accounts Receivable	(314,634)	100,692
Account Receivable - Affiliates	26,212	255,239
Account Receivable - Central Credit Control	(336,816)	(312,871)
Accounts Receivable - Other	47,369	(42,149)
Advances - Officers	13,344	6,000
Deposits	946	2,268
Increase (Decrease) in		
Accounts Payable - Trade	(59,575)	(21,510)
Collections Payable	213,912	29,755
Sales and Use Tax Payable	685	(372)
Accrued and Withheld Payroll and Payroll Taxes	1,631	5,323
Accrued Corporate Taxes	147,262	(56,422)
Deferred Taxes	(4,793)	(4,607)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>23,526</u>	<u>69,787</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(81,465)	(48,746)
Purchase of Marketable Securities	(10,000)	0
NET CASH USED BY INVESTING ACTIVITIES	<u>(91,465)</u>	<u>(48,746)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Borrowings on Line of Credit	15,950	0
New Term Notes	0	31,695
Payments on Long-Term Debt	(28,484)	(87,531)
Payments on Obligations under Capital Leases	(59,458)	(66,286)
NET CASH USED BY FINANCING ACTIVITIES	<u>(71,992)</u>	<u>(122,122)</u>
NET DECREASE IN CASH	<u>(139,931)</u>	<u>(101,081)</u>
CASH - BEGINNING	<u>384,798</u>	<u>485,879</u>
CASH - ENDING	<u>\$244,867</u>	<u>\$384,798</u>
SUPPLEMENTAL DISCLOSURES		
Interest Paid	\$19,603	\$91,862
Income Taxes Paid	\$32,722	\$85,766

See accountants' review report and accompanying notes.

PENN CREDIT CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2002 AND 2001

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Penn Credit Corporation was incorporated in the Commonwealth of Pennsylvania on June 9, 1987. The Corporation provides billing and collection management services for its customers.

Accounting Method and Revenue Recognition

The financial statements reflect the accrual method of accounting. The Corporation recognizes income upon collection of customer billings.

Accounts Receivable and Bad Debt

The Corporation writes-off any accounts deemed to be uncollectible. Potential bad debt at the end of the period is immaterial in relation to total accounts receivable. Therefore, a reserve for doubtful accounts has not been established.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method for book purposes over the estimated useful lives of the assets. Depreciation is computed using accelerated methods for tax purposes pursuant to Internal Revenue Service Guidelines.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the bases of assets and liabilities for financial statement and income tax purposes. These temporary differences result from the depreciation methods used for tax and book purposes.

PENN CREDIT CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2002 AND 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Corporation considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

Advertising

Advertising is expensed as incurred. Advertising costs for the years ended December 31, 2002 and 2001 were \$24,988 and \$24,963, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CONCENTRATION OF CREDIT RISKS

The Corporation maintains their cash accounts primarily at a single institution. The balance, at times, may exceed the federally insured limit of \$100,000. The Corporation had cash on deposit in a single institution of \$217,841 at December 31, 2002.

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2002</u>	<u>2001</u>
Equipment	\$ 424,369	\$ 411,454
Furniture	291,372	291,372
Vehicles	275,338	254,938
Building Improvements	<u>97,312</u>	<u>97,312</u>
Total Property and Equipment	1,088,391	1,055,076
Less: Accumulated Depreciation	<u>(747,603)</u>	<u>(670,924)</u>
Net Book Value	<u>\$ 340,788</u>	<u>\$ 384,152</u>

Depreciation for the years ended December 31, 2002 and 2001 was \$114,068 and \$118,804, respectively.

PENN CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2002 AND 2001

4. LINE OF CREDIT

The Corporation has a revolving line of credit from Mid Penn Bank with available borrowings of \$150,000. Interest is due monthly on the outstanding balance at a rate equivalent to the prime rate as quoted in the Wall Street Journal. The interest rate at December 31, 2002 was 4.75 percent. Borrowings on the line of credit are secured by a pledge of the Corporation's assets and the personal guarantees of the stockholders. The Corporation has \$15,950 outstanding on the line of credit at December 31, 2002.

5. COLLECTIONS PAYABLE

The balances of collections payable at December 31, 2002 and 2001 of \$1,049,072 and \$835,160, respectively represent remittances received by the Corporation on behalf of clients, but not yet paid.

6. LONG-TERM CAPITAL LEASES

The Corporation leases various office furniture and equipment under capital leases. The economic substance of the lease is that the Corporation is financing the acquisition of these items through the lease and, accordingly, they have been recorded in the Corporation's assets and liabilities. Each lease contains a \$1 purchase option upon expiration of the lease term.

The following is a schedule of the present value of the leases at December 31, including the current portion:

	<u>Interest Rate</u>	<u>2002</u>	<u>2001</u>
Capital Lease - Progress Leasing	19.0%	\$ 2,439	\$26,931
Capital Lease - M & T Bank	13.0%	0	542
Capital Lease - M & T Bank	13.0%	0	1,902
Capital Lease - Dana Commercial Credit	13.0%	<u>18,182</u>	<u>50,704</u>
Total		20,621	80,079
Less: Current Portion of Capital Leases		<u>(20,621)</u>	<u>(56,946)</u>
Total Long-Term Capital Leases		<u>\$ 0</u>	<u>\$23,133</u>

The following is a summary of future minimum capital lease payments at December 31:

2003	<u>\$20,621</u>
------	-----------------

PENN CREDIT CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2002 AND 2001

7. LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	<u>Interest Rate</u>	<u>2002</u>	<u>2001</u>
a. Note Payable - Mercedes Benz Credit	9.25%	\$ 30,773	\$ 42,531
b. Note Payable - Allfirst Bank	6.99%	9,193	12,218
c. Note Payable - Chrysler Financial	7.75%	14,570	17,747
d. Note Payable - Mid Penn Bank	4.75%	143,034	0
e. Note Payable - M & T Bank	9.64%	0	200,776
f. Note Payable - PNC Bank	9.40%	10,657	17,716
g. Note Payable - Toyota Motor Credit	6.50%	0	4,738
h. Note Payable - Mid Penn Bank	6.77%	37,408	0
i. Note Payable - Lexus Financial	7.05%	21,607	0
Total		267,242	295,726
Less: Current-Portion		(110,626)	(89,526)
Total Long-Term Debt		<u>\$156,616</u>	<u>\$206,200</u>

- a. The note requires monthly principal and interest payments of \$1,267 and the collateral is an automobile.
- b. The note requires monthly principal and interest payments of \$316 and the collateral is an automobile.
- c. The note requires monthly principal and interest payments of \$373 and the collateral is an automobile.
- d. The note requires monthly principal and interest payments of \$5,977 and is collateralized by the Corporation's assets. The note has a variable interest rate, which is determined by the prime rate as quoted in the Wall Street Journal. The loan balance is guaranteed by the stockholders.

PENN CREDIT CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2002 AND 2001

7. LONG-TERM DEBT (Continued)

- e. The note required monthly principal and interest payments of \$6,320 and the Corporation's assets collateralized the note.
- f. The note requires monthly principal and interest payments of \$756 and the collateral is furniture and equipment.
- g. The note required monthly principal and interest payments of \$541 and the collateral was a vehicle.
- h. The note requires monthly principal and interest payments of \$832 and the collateral is an automobile.
- i. The note requires monthly principal and interest payments of \$813 and the collateral is a vehicle.

The following is a summary of the maturity of long-term debt over the next five years:

2003	
2004	\$110,626
2005	110,528
2006	30,139
2007	12,667
Total	<u>3,282</u>
	<u>\$267,242</u>

8. OPERATING LEASES

The Corporation leases certain office equipment and various vehicles pursuant to operating leases. Total lease payments for the vehicles were \$24,500 and \$27,325 and for the years ended December 31, 2002 and 2001, respectively.

PENN CREDIT CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2002 AND 2001

8. OPERATING LEASES (Continued)

Annual payments pursuant to the vehicle leases over the next five years are as follows:

2003	
2004	\$ 50,244
2005	50,244
2006	48,638
2007	15,486
Total	<u>0</u>
	<u>\$164,612</u>

The Corporation leases its office space under operating leases with a related party (See Note 12). The Corporation leases additional office space from a third-party lessor that requires monthly payments of \$2,204. This lease expires February 2004. Total rents paid for use of all office space were \$265,086 and \$163,992 for the years ended December 31, 2002 and 2001, respectively.

The following is a schedule of annual minimum lease payments for use of office facilities over the next five years:

2003	
2004	\$264,244
2005	60,000
2006	0
2007	0
Total	<u>0</u>
	<u>\$324,244</u>

9. RETIREMENT PLAN

The Corporation sponsors a deferred compensation plan allowing employees to make voluntary contributions towards their retirement. The plan is qualified under Internal Revenue Service Code Section 401(k). The Corporation matches a portion of the employee deferral amount. Retirement plan expense for the years ended December 31, 2002 and 2001 was \$8,419 and \$5,240, respectively.

PENN CREDIT CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2002 AND 2001

10. CORPORATE TAX PROVISION

The provision for income taxes is comprised as follows as of December 31, 2002:

Current Year Accrual	\$169,520
Deferred	<u>(4,793)</u>
Total	<u>\$164,727</u>

11. DEFERRED TAXES

At the end of 2002, deferred tax liabilities recognized for temporary differences related to depreciation amounted to \$13,628. This amount has been reported as a deferred tax liability on the Corporation's Balance Sheets at December 31, 2002.

12. RELATED PARTY TRANSACTIONS

The Corporation leases office space from 916 South 14th Street Partnership. The Corporation was owed \$13,788 from Penn Credit Corporation II, a related entity. The owners of Penn Credit Corporation jointly own this entity. Monthly rent at December 31, 2002 was \$20,000. Total rents paid to the partnership for the year ended December 31, 2002 was \$240,000.

The Corporation was owed \$2,481 at December 31, 2002 for advances on behalf of the stockholders.

The Corporation pays a collection expense for administrative and other services provided by Central Credit Control. Central Credit Control is a corporation owned by Mr. Donald C. Donagher, a fifty-one percent owner of Penn Credit Corporation. Commission expense related to Central Credit Control for the year ended December 31, 2002 was \$5,642,708. The Corporation was owed \$394,059 from Central Credit Control at December 31, 2002.

SMALL BALANCE RECOVERY PROGRAM

At Penn Credit Corporation we realize that creditors as well as agencies migrate to larger balance accounts and if short cuts are needed to be taken do to rolling back accounts, curing accounts, and/or staffing concerns the **SMALL BALANCE ACCOUNTS ARE THE FIRST TO LOSE ATTENTION AND FOLLOW UP.**

Penn Credit Corporation has a solution; the "*Small Balance Recovery Program*" and it is designed specifically to recover your small balance collection accounts. Our small balance recovery program will increase your monthly, quarterly and yearly recovery rates.

Typically, small balance accounts range from \$25.00 up to \$450.00; however, we realize that creditors have different needs and concerns and the balances may vary. What ever you designate as small balance accounts. PCC can help you increase net back, cash flow and improve your recovery percentage(s).

The success of the "*Small Balance Recovery Program*" is predicated to a small balance recovery program called the "**Triangle of Success**". Penn Credit Corporation has developed a complete collection system that makes use of state-of-the-art technology, coupled with highly trained collection representatives, that is designed to recover your small balance accounts. The Triangle of Success is a blending of technology and follow up that gives the attention small balance accounts deserve. Furthermore, it gives Penn Credit Corporation a triple approach to optimizing debtor contact. The Triangle of Success includes:

- **D.A.V.I.S. (Digitized Automated Voice Intelligence System.)**
- **Predictive Dialers**
- **Collectors**

D.A.V.I.S.:

- Digitized Automated Voice Intelligence System
- Debtors have 24- hour access
- Meets all Federal & State collection guidelines
- Captures incoming phone numbers (ANI)
- In-house MIS Department to meet clients specific needs
- Approximately 194,000 completed calls per day.

PREDICTIVE DIALING:

- Inbound & outbound ability
- 100 Full Time Collection Representatives
- Trainer
- Auditor
- 30,000 completed calls daily
- All Collection calls are taped.

COLLECTORS:

- 123 Full Time Collection Representatives
- 10:1 Collector to Management Ratio
- Trainers
- Auditors
- All Collection Calls are taped.

Penn Credit Corporation realized that your smaller balance accounts are the last accounts to receive collection efforts at both the curing end and the charge-off end. It is management's responsibility to cure and avoid charge-off of total dollars, not balance size or total number of accounts. Unfortunately many collection agencies migrate towards the larger balance account for the same reasons and do not give the smaller balance accounts the work effort that every account deserves.

Penn Credit Corporation will give small balance accounts the collection efforts they deserve.

COLLECTION PROCEDURES

- Accounts are forwarded by clients to Penn Credit Corporation and loaded into our database. All accounts are booked into our system within three business days. Time frames may vary due to the type of automation used in forwarding accounts.
- Upon entry of the accounts, the first letter is automatically generated and mailed to the debtor. All accounts that are placed with balances under twenty-five dollars will be letter dunned. An acknowledgement of accounts is then sent to the client.
- Once an account is in our system it is electronically transferred into an automated process providing the following:
 - Standardization of name and address for postal regulation requirements.
 - Runs the name and address of the debtor through the *National Change of Address*.
 - The account is automatically updated with new information and the old information is saved.
 - Penn Credit Corporation is notified of any bad addresses.
 - Penn Credit Corporation obtains Zip + four and delivery bar code information.
 - All accounts are automatically updated with all good phone numbers and the debtor address.
- The account is then randomly assigned to a dedicated collector by the computer system.

Collectors initiate activity through direct telephone contact or skip-tracing procedures.
- Accounts will be activated by the collection system within one week of assignment. One week allows sufficient time for the validation notice to be received by the debtor.
- Accounts with good phone numbers will have the benefit of D.A.V.I.S., predictive dialing inbound and outbound calls, as well as an actual collection representative following up on an immediate basis; thus the "Triangle of Success". Accounts that have a good phone number are automatically called by D.A.V.I.S.

D.A.V.I.S. (Digitized Automated Voice Intelligence System): This digitized program generates approximately 96,000 calls daily with a 48% daily hit rate. Calls are made from 9:00 a.m. to 12:00 a.m. in the time zone where the debtor or consumer resides. This system can provide unlimited language and voice adaptability to aid in your multi-lingual collection needs. All "busy signals" are re-dialed every fifteen minutes up to 32 attempts per week; all "no answers" are re-dialed every two hours up to the time allowed to attempt collection efforts.

Calls are repeated every seven days. This follow up program can be changed to meet your individual collection needs.

Predictive Dialing: predicts the availability of the collector's next available time to accept their next call. The system dials the telephone number and the debtor is immediately transferred to the next available collection representative. The debtor is unaware that he/she has been on an automated call. This program allows collectors to contact up to 35 debtors an hour.

Any consumer/debtor that has been contacted by any of our automated dialing systems does have the ability to talk to a live collection representative at any time by following the instructions built into the system.

Loop Collectors: The collection representatives are assigned ownership to the accounts. They are responsible for the ultimate collection of the account. No matter what system is working the account, the collection representative's name is on all media sent to the debtors. This gives the consumer a direct 800# line to reach a collection representative if they dispute or need to discuss their account. Loop collectors are also responsible for the skip tracing of an account.

➤ Accounts that do not have good phone numbers are placed in the collection representative's skip tracing area of his/her loop. The collection representative will utilize the following on-line skip tracing tools; determined by client guidelines and balance of accounts:

- Instant on-line access to billions of public records 24 hours a day to obtain surnames, phone numbers, addresses, criminal histories, vehicle information, property information, corporate information, liens and judgments, bankruptcies, relatives and neighbors.
- Credit Bureau Reports- outlines a consumer/debtor's credit performance.
- Social Security Searches - provides addresses where consumers/debtors have received or applied for credit.
- Dun & Bradstreet reports.
- Cross directories - Ability to cross reference telephone numbers and the ability to obtain ownership of property by name and address.
- City directories - NCOA: National Change of Address verification process, which makes use of zip plus 4, bar coding and telephone number update.

PAYMENT PROCESSING AND HANDLING

The mail is opened and distributed by clerical employees. All payments are entered into the computer system. Bookkeeper matches accounts with checks. Cash Receipts Clerk does final posting from clerical reports to assure proper posting of all payments. Checks received by Penn Credit and posted to debtor accounts in the collection system are reconciled to daily bank deposits and to the general ledger.

Payments on Accounts

- Payments made to a client's office, as direct payments, are reported to us for posting to the debtor's file.
- Payments made to us are posted to the account.
- At the end of each client remittance period, all payments are recorded on the client's statement.
- Upon receipt of payment in full from debtors, collection efforts are terminated; no more phone calls, no more letters, no more skip-tracing inquiries.
- If partial payments are made, the collectors will re-contact the debtors as follow up to make arrangements for additional payments and to verify the debtor's intent to clear debts.

Direct Check

Once a collector gets a debtor to commit to payment in full or a payment plan to resolve the traffic violation payment options are given. The debtor has several options to paying the debt. If the debtor chooses the payment option of a direct check the following procedures are completed.

The collector must go to the direct check- processing screen. Once the collector is in the direct check- processing screen the collector will follow the prompts.

The collector will ask the debtor to get their checkbook in order to obtain the proper checking account information. Once the debtor has their checkbook the collector will ask the following questions. How does the name exactly appear on checking account and if it is a single or joint account; if the account is joint the collector must obtain all names that appear on the check. What is the address of the checking account? What is the account number of the checking account? What is the routing or ABA number on the checking account? What is the amount of the check that the debtor would like to make the check for. What date would the debtor like the check processed. Any check that has a

processing date of more than three days in advance a notification of deposit is forwarded to the debtor to serve as a reminder of our intent to deposit their check.

All direct checks put in the system will be made payable to The Client and processed on the date agreed upon. All checks will be forwarded to The Client on a weekly basis.

All calls are monitored for quality and training purposes and can be monitored to verify authorization or permission disputes between debtors and collectors.

- 1.) Collectors offer payments by direct check on every collection call
- 2.) Collectors request the following information from the debtor:
 - a.) Name on check.
 - b.) If there is a joint checking account. If so, the other name on the account.
 - c.) Address that appears on the check.
 - d.) Numbers that appear on the bottom of the check -- these series of numbers include the debtor's account number with their bank, the banks ABA number and the check number they are looking at.
 - e.) The bank the checking account is with.
 - f.) The collector would then review the payment plan. If they want the balance of the account, or one single payment or a series of payments (up to 8 payments at a time) taken out certain days.
 - g.) The check info is then entered on to our collection system.

Credit Cards

Once a collector gets a debtor to commit to payment in full or a payment plan to resolve the traffic violation payment options are given. The debtor has several options to paying the debt. If the debtor chooses the payment option of a credit or debit card the following procedures are completed.

The collector must go to the credit card processing screen. Once the collector is in the credit or debit card processing screen the collector will follow the prompts.

The collector asks the debtor to get the credit or debit card in order to obtain the proper credit card information. Once the debtor has the credit card the collector will ask the following questions. How does the name exactly appear on the credit card? What is the billing address of the credit card? What is the account number of the credit or debit card? What is the expiration date of the credit card? What is the amount of the charge or debit the debtor would like to put on the credit card? What date would the debtor like the credit or debit card processed?

All credit or debit cards put in the system on a daily basis are batched and processed at the end of the day. If any credit cards are rejected the collector is advised that the credit card or debit card was rejected and the reason why.

All credit or debit cards approved during a week will be batched and a gross check will be forwarded to The Client with an itemized statement of debtors that paid.

All calls are monitored for quality and training purposes and can be monitored to verify authorization or permission disputes between debtors and collectors.

Collectors request if debtor can pay balance in full with a credit card on every collection call. If debtor is unable to pay the balance in full, collectors request payment of intend or as much of the balance as possible on the credit card.

- 1.) Collectors then request the following information:
 - a.) Name on credit card.
 - b.) Account number for credit card.
 - c.) Expiration date of credit card.
 - d.) Bank the credit card is through.
 - e.) The collector would then review the payment plan with the debtor (same as direct check except collectors can only set up one credit card at a time.)
 - f.) The credit card information is placed on our collection system.

Payment Arrangement

- Collector determines the debtor's attitude, intent of payment and financial ability prior to establishing payment arrangement.

Post-Dated Checks

- Any post-dated checks that are received are coded on our system and held until the actual date on the check and then posted.

Settlement Acceptance

- This process helps the client receive their payments more quickly rather than extending payments for a long period of time.
- Only upon written consent of the client will Penn Credit Corporation accept settlements on accounts.
- Follow up documentation will be forwarded to the client.

Non-Sufficient Funds

- Any checks returned to us as “non-sufficient funds” will be reversed back onto the debtor’s account and we will follow up immediately for collection.
- NSF checks are being handled by bookkeeper. Bookkeeper receives bad checks and reverses payment. Clerical employee sends out notice to debtor regarding check. A \$20.00 bank fee will be added within state laws. Checks are copied by the clerical office and given to the proper collection representative for immediate telephone contact. If unable to contact, all checks over \$100.00 are resubmitted to the bank as a collection item.

Steps for NSF Procedures

- Bank submits check for a 2nd time after it has bounced
- If check doesn’t clear 2nd time, it gets returned to PCC
- Payment is removed from debtors record
- \$20 bad check fee is applied to debtors balance
- Bad check letter is sent to debtor requesting payment be made w/ cash or money order

Disputes

- Disputes, complaints and/or special inquiries are forwarded to the Client service representative.
- CSR dept. requests the necessary documentation to resolve the account.
- The account is put in a hold category until the required information is received.
- Collection efforts resume once the dispute is resolved to debtor and client’s satisfaction.
- Unresolved cases are forwarded to the manager. This information is then forwarded to our outside auditor who will review all information with the collector. Accounts are then sent back to the manager to resolve or finalize the issue with the client and/or debtor.

Uncollectible Accounts

Penn Credit Corporation does not set a minimum number of debtor/consumer contacts before it considers a case uncollectible. Penn Credit Corporation trains their collection

representatives to make their collection decisions based on qualifying the debtor through a series of financial defined questions. This allows Penn Credit Corporation to make the best possible arrangement for both, the debtor and the creditor.

Minimum work standards depend upon client guidelines and account balances. Under normal collection procedures there are 4 debtor contacts under reasonable follow up will be considered a minimum contact standard.

An account is determined to be uncollectible when the collection representative has determined that the debtor will not pay the bill and/or all skip-tracing work has been completed and suit consideration is not a viable solution.

Once a collector has decided that the account is uncollectible, the account is placed into a manager's loop to be reviewed. In order for a manager to close an account, all client guidelines must be complete. Any account with a good phone number will be housed and followed up on our D.A.V.I.S System up to six months depending on the client's guidelines. All other accounts will be closed and returned within thirty (30) days. Accounts are purged on a monthly basis or as client desires.

An account will not be closed unless all client work guidelines have been satisfied.

An account will be worked for up to at least a year and is deemed uncollectible when all resources have been exhausted, including all skip-tracing activities. The Vice President of Collections reviews the account and is the one that makes the decision that the account is not collectable.

RECALL OF ACCOUNTS

Your organization retains the right to recall from Penn Credit Corporation, without charge or penalty, any accounts assigned referred. Upon recall by your establishment, no further collection efforts on recalled accounts will be undertaken by Penn Credit Corporation.

It is Penn Credit Corporation's request that a client provide a 30-day written notice to have accounts recalled, however on a one-on-one basis an account will be cancelled immediately upon request and returned to the client. The account is notated with name of person calling, reason for the account closed and then closed immediately.

In the event that a debtor files a petition in bankruptcy, Penn Credit Corporation will notify the client and return the account to immediately. Penn Credit Corporation will receive no fees on monies recovered.

In the event that a debtor files a claim for total disability as defined by the applicable federal regulations, Penn Credit Corporation will notify the client who will make a final

determination. All appropriate forms and documents will be forwarded, and all actions on the part of Penn Credit Corporation will cease.

In the event of the death of a debtor, all activities shall cease. Penn Credit Corporation will forward a copy of the death certificate and all appropriate documentation to the client

**All work guidelines can be tailored to meet the needs and requirements of the client.
We can be flexible to meet your needs.**

SKIP-TRACING TOOLS

Currently, Penn Credit Corporation is automated with seven collection tools, which enables the collection representatives to do their own skip-tracing.

Penn Credit Corporation relies heavily on skip-tracing to reach its' collection recovery goals. In recent years Penn Credit Corporation has gone to total electronic skip-tracing. All skip-tracing tools are window based and are on every loop collector's computer.

New accounts are batched and receive the following automatic skip-tracing efforts:

NCOA: Penn Credit Corporation forwards accounts upon placement to our NCOA (National Change of Address) service. This service updates all addresses and phone numbers.

Penn Credit Corporation will forward all accounts that have not received letters due to a bad address to NCOA every six months in hopes of developing new addresses. Once a new address is found Penn Credit Corporation will then forward out collection letters to the debtor.

The following steps are done through our Automated Skip tracing to include NCOA:

1. Penn Credit receives new business referrals and utilizes our skip tracing including NCOA to locate accounts and update information.
2. Account information is updated and then married into our collection system.
3. To protect our client's interest, Penn Credit Corporation will continue to re-run all account information using NCOA every six (6) months. This process will allow PCC to update any additional account information. Penn Credit Corporation will continue to utilize this tool as long as the accounts are in our possession.

Matching of Phone Numbers: The accounts are sent to a vendor to verify phone numbers by name and address.

The collection Staff has Internet access to obtain sir names, addresses, telephone numbers and neighbors. This Internet access gives the collection representative instant access to billions of public records 24 hours per day, personal identifiers, criminal histories, relatives, liens, judgments an bankruptcy information. The information the collection representative may obtain follows:

Same Addresses: The collectors have the ability to check an address on line and verify the name(s) of the occupants and or phone numbers listed at that address.

Neighbors: The collectors have the ability to view addresses near the debtors or consumers address and obtain phone numbers for skip-tracing purposes.

Social Security Searches: The collectors have the ability to complete a social security search on line. This service lists the most current address and all other addresses that the consumer or debtor may have obtained or denied credit.

Tax Assessors: This gives the collector the ability to obtain ownership of a property. This information can be used in skip tracing landlords or used to verify a debtors residence and ownership of property which may be used as an asset for considering legal collections and or guiding the debtor to a source of income to pay the bill.

Same Names: May be used to attempt location of a debtor as in possibly contacting a relative or immediate family member.

Credit Bureau Reports: At times can be an excellent form of skip-tracing, however, the Gramm-Leach –Bailey Act passed in 1999 has limited the amount of skip-tracing available from creditors. Simply put they have to notify the consumer they have the right not to permit sharing of credit information.

Auto-Track: An excellent skip-tracing tool but very expensive. It gives all public information about an individual including family members, professional licenses, ownership of property, judgments, spousal information and much more.

Please note: the amount of skip tracing done will depend on balance range and client guidelines.

CREDIT BUREAU REPORTING PROCEDURES

Penn Credit Corporation currently sends debtors credit profiles to Trans Union, TRW, and Equifax. Monthly computer tapes are sent that provide information such as new accounts, payments, adjustments and close outs.

Penn Credit Corporation interfaces with the credit bureau. The collection representative in skip tracing will get a credit bureau report containing current address, phone number and employment information for a social security number search.

Penn Credit Corporation does not report balances less than \$100.00. We also do not report accounts that do not have social security numbers.

Credit bureau reports are done every 30 days. Our clients always have the option to choose if placements are turned over to a credit bureau if you are concerned about a negative community impact.

COLLECTION LETTERS

The following pages are a sample of the collection letters we currently utilize. Upon award of contract, the client can select the letter series to fit their individual needs. All letters can be changed to meet the specific needs of the client.

- Verification letter within 24 hours of account booked to system.
- Second letter no sooner than thirty days after verification letter per FDCPA guidelines.
- Other letters approximately 21 days apart.
- Multiple Account letters will only include accounts for the same client on the debtor record.
- Parameter Driven Letter Series.

Penn Credit Corporation

PO BOX 988
HARRISBURG, PA 17108-0988

800-900-1371

Hours: Mon-Fri 8am - 10pm, Sat. 8am-2pm
(Eastern Standard Time)

2001/00/00

ID# C000000
JOHN DOE
123 USA AVENUE
HARRISBURG PA 17104



TOTAL BALANCE DUE:

The below referenced account (s) has been assigned to this office for collection. All future payments and communications should be directed to Penn Credit Corporation.

Unless you notify this office within 30 days after receiving this notice that you dispute the validity of this debt or any portion thereof, this office will assume this debt is valid. If you notify this office in writing within 30 days from receiving this notice, this office will obtain verification of the debt or obtain a copy of a judgment and mail you a copy of such judgment or verification. If you request this office in writing within 30 days after receiving this notice, this office will provide you with the name and address of the original creditor, if different from the current creditor.

CLIENT NAME	SERVICE RENDERED	SERVICED	DATE	ACCOUNT NUMBER	BALANCE
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This letter is from a debt collection agency. This is an attempt to collect a debt. Any information obtained will be used for that purpose. If you have an Attorney to represent you or have filed bankruptcy, please disregard this letter and furnish us with the appropriate information so we may mark our files accordingly.

Detach and return with payment to expedite credit to your account

2001/00/00

Call our toll free number and pay using check by phone.

JOHN DOE
123 USA AVENUE
HARRISBURG PA 17104

If you wish to pay by credit card, please enter the requested information in the spaces provided.

Check one: ☐ Visa
☐ MasterCard

ID NUMBER: C000000
BALANCE DUE: \$

Card # _____
Expiration Date: ____/____/____
Signature: _____

Penn Credit Corporation

PO BOX 988
HARRISBURG, PA 17108-0988

2001/00/00

ID# C000000
JOHN DOE
123 USA AVENUE
HARRISBURG PA 17104

800-900-1371

Hours: Mon-Fri 8am – 10pm, Sat. 8am-2pm
(Eastern Standard Time)



TOTAL BALANCE DUE:

REQUEST FOR PAYMENT

Failure to contact our office leaves us to believe that you do not have intentions of resolving your just debt.

If you are unable to pay in full, settlements and/or payment arrangements may be available. We will do our best to work with you.

Please contact our office today or send payment in full in the enclosed envelope

CLIENT NAME	SERVICE RENDERED	SERVICED DATE	ACCOUNT NUMBER	BALANCE
-------------	------------------	---------------	----------------	---------

This letter is from a debt collection agency. This is an attempt to collect a debt. Any information obtained will be used for that purpose. If you have an Attorney to represent you or have filed bankruptcy, please disregard this letter and furnish us with the appropriate information so we may mark our files accordingly.

Detach and return with payment to expedite credit to your account

2001/00/00

JOHN DOE
123 USA AVENUE
HARRISBURG PA 17104

Call our toll free number and pay using check by phone.

If you wish to pay by credit card, please enter the requested information in the spaces provided.

Check one: ☐ Visa
☐

MasterCard
ID NUMBER: C000000
BALANCE DUE: \$

Card # _____
Expiration Date: ____/____/____
Signature: _____

Penn Credit Corporation

PO BOX 988
HARRISBURG, PA 17108-0988

2001/00/00

ID# C000000
JOHN DOE
123 USA AVENUE
HARRISBURG PA 17104

800-900-1371

Hours: Mon-Fri 8am - 10pm, Sat. 8am-2pm
(Eastern Standard Time)



TOTAL BALANCE DUE:

REQUEST FOR PAYMENT IN FULL

You have not responded to our attempts to contact you in reference to all the monies owed our client.

In the absence of payment, communication is necessary.

Pay in full today or contact our office to make payment arrangements. We can help you.

CLIENT NAME	SERVICE RENDERED	SERVICED DATE	ACCOUNT NUMBER	BALANCE
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This letter is from a debt collection agency. This is an attempt to collect a debt. Any information obtained will be used for that purpose. If you have an Attorney to represent you or have filed bankruptcy, please disregard this letter and furnish us with the appropriate information so we may mark our files accordingly.

Detach and return with payment to expedite credit to your account

2001/00/00

JOHN DOE
123 USA AVENUE
HARRISBURG PA 17104

Call our toll free number and pay using check by phone.

If you wish to pay by credit card, please enter the requested information in the spaces provided.

Check one: ☐ Visa
☐ MasterCard

ID NUMBER: C000000
BALANCE DUE: \$

Card # _____

Expiration Date: ____/____/____

Signature: _____

Penn Credit Corporation

PO BOX 988
HARRISBURG, PA 17108-0988

2001/00/00

ID# C000000
JOHN DOE
123 USA AVENUE
HARRISBURG PA 17104

800-900-1371
Hours: Mon-Fri 8am - 10pm, Sat. 8am-2pm
(Eastern Standard Time)



TOTAL BALANCE DUE:

YOU HAVE FAILED TO COMPLY

To date you have not paid in full or contacted our office to discuss your just debt(s) owed our client.

This matter requires your immediate attention.

Pay in full today or contact our office to discuss this just debt.

CLIENT NAME	SERVICE RENDERED	SERVICED DATE	ACCOUNT NUMBER	BALANCE
-------------	------------------	---------------	----------------	---------

This letter is from a debt collection agency. This is an attempt to collect a debt. Any information obtained will be used for that purpose. If you have an Attorney to represent you or have filed bankruptcy, please disregard this letter and furnish us with the appropriate information so we may mark our files accordingly.

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2001/00/00

JOHN DOE
123 USA AVENUE
HARRISBURG PA 17104

Call our toll free number and pay using check by phone.

If you wish to pay by credit card, please enter the requested information in the spaces provided.

Check one: ☐ Visa
☐ MasterCard

ID NUMBER: C000000
BALANCE DUE: \$

Card # _____
Expiration Date: ____/____/____
Signature: _____

**APPENDIX TO PG. 20, NO. 12
ORGANIZATION**

DONALD C. DONAGHER, JR., CEO/CHAIRMAN

Responsible for all facets of Penn Credit Corporation's program.

RICHARD S. TEMPLIN, PRESIDENT

Responsible for the day to day control and productivity of Penn Credit Corporation.

THOMAS F. FOLEY, SENIOR VICE PRESIDENT OF OPERATIONS

Responsible for the day to day operations of Penn Credit Corporation.

BRUCE HOWER, VICE PRESIDENT OF OPERATIONS

Responsible for Business Development. Also oversees the Client Service Department.

THOMAS D. PERROTTA, VICE PRESIDENT OF COLLECTIONS

Responsible for daily collection activity. Monitors the collectors and ensures client recovery percentages.

RICHARD P. TOPALIAN, DIRECTOR OF MIS

Management Information Systems. Responsible for all computer enhancements, revisions and specialized client customized software.

DONALD E BURKHART, SR. SYSTEMS ENGINEER (MICROSOFT CERTIFIED)

Responsible for network administration, setup of specialized client data transfers and enhancements to in-house collection system and software.

Data Processing: 2 Full Time On-site Systems Analysts

Collectors: 7 Managers
1 Assistant Manager
70 Full Time Loop Collectors
60 Full Time Predictive Dialing Collectors
7 Part Time Predictive Dialing Collectors

Accounting: CPA Firm Seligman & Friedman
1 Full Time Bookkeeper / 1 Assistant to the Bookkeeper

Clerical Staff: 1 Office Manager
10 Full Time Employees

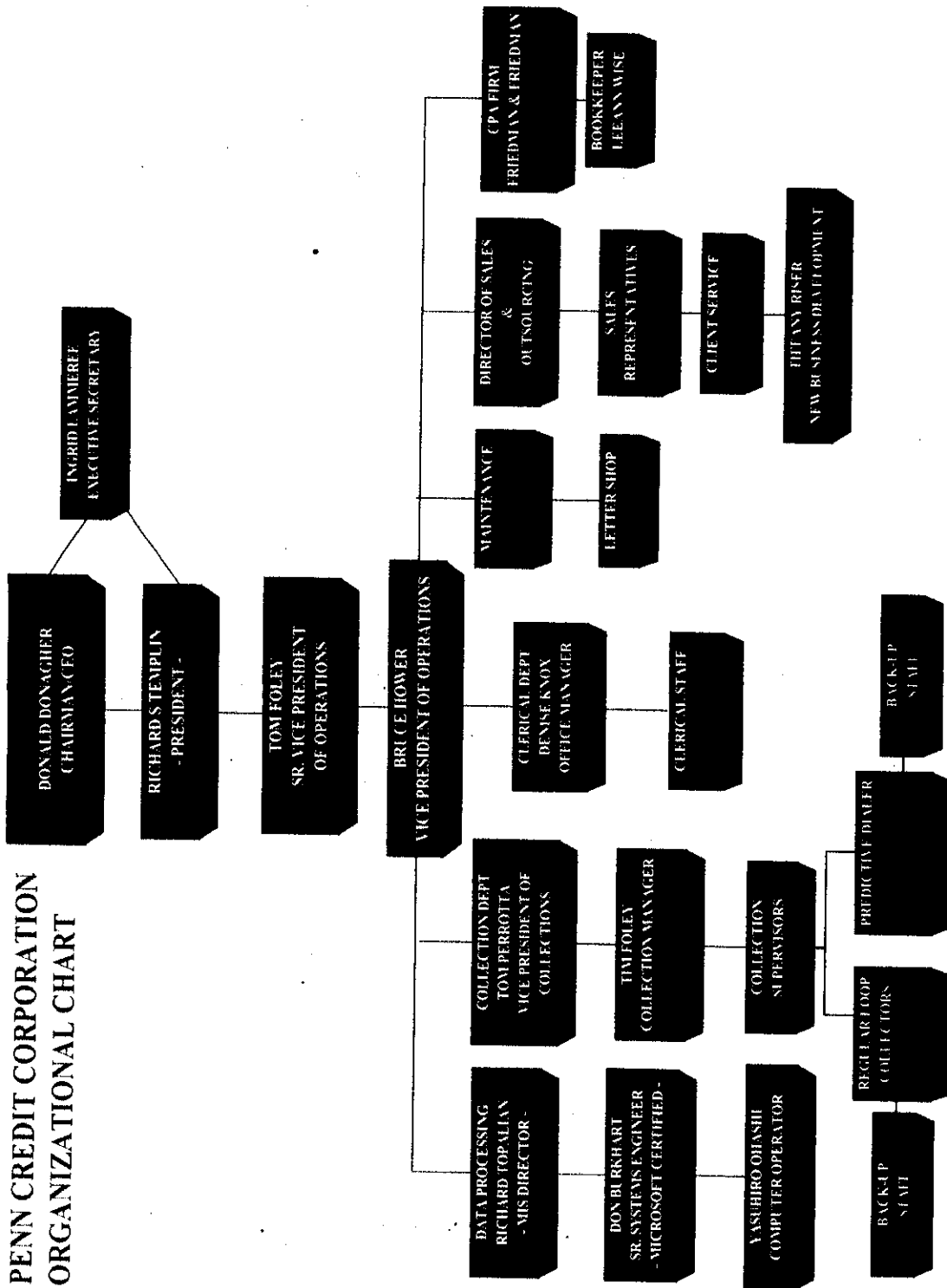
Data Entry: 6 Part Time Employees

Sales Force: 1 Marketing Director
10 Sales Representatives

Client Service: 4 Full Time Representatives

Outsourcing: 10 Representatives

PENN CREDIT CORPORATION ORGANIZATIONAL CHART



Penn Credit Corporation currently provides collection services to our clients throughout the continental United States from our three locations in Pennsylvania. Our centrally located facilities heretofore have enabled us to develop the best collection technology available.

In the spring of 1994, our facility moved from 208 North Street in Harrisburg to our current location at 916 South 14th Street. This move was necessary to provide the very best working conditions for our employees. This 16,000+ square foot facility is equipped with individual workstations and the latest technology, which allows our employees to provide a quality service to our clients. In January 1999 we opened East and West branch offices in the Harrisburg area. The East branch houses predictive dialers and the West Branch houses loop collectors.

ADDITIONAL LOCATIONS:

Penn Credit Corporation East
1400 Randolph Street
Harrisburg PA 17104
(800) 800-3328

Penn Credit Corporation West
4999 Louise Drive
Mechanicsburg, PA 17055
(800) 800-3328

APPENDIX TO PG. 20, NO. 14 REPORTS

THE ACKNOWLEDGMENT REPORT

This report is sent to the client after new accounts are entered into the computer system. This report details the debtor information for your records. We provide this report with every batch of new accounts.

THE CLIENT STATUS REPORT

This report provides you with information on all accounts currently being worked at Penn Credit Corporation; the status and balance are also listed for your review.

THE CLIENT PAYMENT ANALYSIS SUMMARY

This report reviews collection percentages, referred accounts and amounts in a monthly breakdown. This report enables you to follow the progress that is being made on all of the accounts that are worked, as well as the percentages of accounts paid in full and partial payments.

THE CLIENT CANCELLATION REPORT

This report is a listing of accounts, which either the client or Penn Credit Corporation has requested removal from our inventory and returned to the client.

THE CLIENT MONTHLY STATEMENT

This report provides you with details of accounts, which have made payments during a given month. This report indicates not only amounts paid by debtors but also commissions due Penn Credit Corporation for services rendered.

ADDITIONAL REPORTS

EReports

- The collection system produces electronic reports called EReports. These reports are sent to a client via an email attachment and are in a PDF format. PDF documents can be view using Adobe Acrobat Reader.
 - New Business Acknowledgements
 - Status Reports
 - Payment Analysis Reports
 - Cancellation Reports
 - Client Statements

ACKNOWLEDGMENT REPORT

Penn Credit Corporation
916 South 14th Street
Harrisburg, PA 17108

DATE OF REPORT

PAGE 001

CLIENT NUMBER
CLIENT NAME
CLIENT ADDRESS
ATTN: CONTACT

----- ACKNOWLEDGMENT --- WITH THANKS -----

THIS ASSIGNMENT IS ACCEPTED UNDER OUR USUAL TERMS AND CONDITIONS THAT WE HAVE WITH YOU. PLEASE NOTIFY THIS AGENCY WITHOUT DELAY OF ANY PAYMENT MADE TO YOU BY THE DEBTOR OR ANY CONTACT THAT THE DEBTOR HAS WITH YOU. FULL COMMISSION IS TO BE PAID BY YOU ON PAYMENTS MADE TO YOU DIRECT.

DEBTOR #	DEBTOR NAME	ADDRESS	CITY/STATE	ZIP CODE	PLACED DATE	GROSS \$	BALANCE	ACCOUNT #
1001001	Doe, Jane	12 Park Street	Harrisburg, PA	00000	01-01-98	\$1000.00	\$1000.00	544886
1001001	Doe, Jane	101 Main Street	Hershey, PA	00000	01-01-98	\$59.65	\$59.65	432849
1001001	Doe, Jane	11 Park Circle	Harrisburg, PA	00000	01-01-98	\$895.00	\$895.00	583947
1001001	Doe, John	120 Cedar Manor	Harrisburg, PA	00000	01-01-98	\$1017.65	\$1017.65	583057
1001001	Doe, John	3501 Bristol Court	New York, NY	00000	01-01-98	\$25.99	\$25.99	382047
1001001	Doe, John	555 Park Avenue	Hershey, PA	00000	01-01-98	\$600.98	\$600.98	603850
1001001	Doe, Jane	195 Main Street	Harrisburg, PA	00000	01-01-98	\$2,567.89	\$2,567.89	492394
1001001	Doe, Jane	224 Front Street	Harrisburg, PA	00000	01-01-98	\$998.57	\$998.57	927404
1001001	Doe, John	555 Elm Avenue	Harrisburg, PA	00000	01-01-98	\$59.65	\$59.65	575837
1001001	Doe, Jane	9012 Maple Drive	Harrisburg, PA	00000	01-01-98	\$895.00	\$895.00	390272
1001001	Doe, John	448 Main Street	Harrisburg, PA	00000	01-01-98	\$2,985.45	\$2,985.45	920283
						\$11,105.83	\$11,105.83	11

CLIENT STATUS REPORT

DATE
CLIENT NAME
CLIENT NUMBR
CLIENT ADDRESS

PAGE 1

ACT - ACTIVE ACCOUNTS
CAN - CANCEL AND RETURN TO CLIENT
CRQ - CLIENT REQUEST TO CLOSE
EXO - EXONERATED FROM TAXES
HPM - HOLD PER MANAGER
LEG - LEGAL ACTION ACCOUNT
NEW - NEW BUSINESS ACCOUNT

STO - SMART TALK ONLY
WGE - WAGE ATTACHMENT

ATY - DEAL W/ATTY ONLY
CHA - CHARITY CASE
DEC - DECEASED
HHP - HOLD HAVE PROMISE
HSE - HOUSE DEBTOR ACCOUNT
MDC - MEDICARE
PIF - PAYMENT IN FULL
SKP - SKIP CAN'T LOCATE
TSU - PITTSBURGH DIFFERENCES
WSO - WATER SHUT OFF PROGRAM

BKR - BANKRUPT
CPY - COPY OF BILLS
DIS - DISPUTES ACCOUNT
HPC - HOLD PER CLIENT
INS - INSURANCE CASE
MGR - MANAGER REVIEW
PRE - PRE-COLLECTION
STL - SCHEDULED FOR SETTLEMENT
VAC - VACANT HOUSE

ACCOUNT #	DEBTOR NAME	PLACED	GROSS AMOUNT	TOTAL PAYMENTS	BALANCE	STATUS
0011001	Doe, John	8-21-97	\$84.12	\$0.00	\$84.12	ACT
0011001	Doe, John	10-27-97	\$205.98	\$100.00	\$105.98	ACT
0011001	Doe, John	7-17-97	\$394.95	\$394.95	\$0.00	PIF
0011001	Doe, John	12-31-97	\$1,000.00	\$500.00	\$500.00	ACT
0011001	Doe, John	12-31-97	\$170.30	\$0.00	\$170.30	ACT
0011001	Doe, John	10-27-97	\$259.95	\$259.95	\$0.00	PIF
0011001	Doe, John	7-17-97	\$121.36	\$121.36	\$0.00	PIF
0011001	Doe, John	8-21-97	\$500.00	\$250.00	\$250.00	ACT
0011001	Doe, Jane	10-27-97	\$1,981.25	\$451.25	\$1,530.00	ACT
0011001	Doe, Jane	7-17-97	\$5,895.22	\$3,000.00	\$2,895.22	ACT
0011001	Doe, John	12-31-97	\$159.00	\$159.00	\$0.00	PIF
0011001	Doe, Jane	12-31-97	\$550.77	\$550.77	\$0.00	PIF
0011001	Doe, John	10-27-97	\$49.95	\$49.95	\$0.00	PIF
0011001	Doe, John	7-17-97	\$111.98	\$0.00	\$111.98	ACT
0011001	Doe, John	8-21-97	\$87.19	\$0.00	\$87.19	ACT
0011001	Doe, John	10-27-97	\$2,859.00	\$2,859.00	\$0.00	PIF
0011001	Doe, John	7-17-97	\$5,888.00	\$2,500.00	\$3,388.00	ACT
			\$20,319.02	\$11,196.23	\$9,122.79	

CLIENT PAYMENT ANALYSIS REPORT

CLIENT NUMBER
CLIENT NAME
CLIENT ADDRESS
ATTN: CONTACT NAME

FROM: 00/00
TO: 00/00
DATE

PAGE 0001
CLASS OF BUSINESS CODE

MONTH/ YEAR	# REF	AMOUNT REFERRED	-- COLLECTIONS -- PLACEMENT MONTHLY	#PIF	AMOUNT PAID IN FULL	#CAN	AMOUNT CANCELED	#CRQ	AMOUNT CANCELED	TOT DOLLARS COLLECTABLE	LIQ %	
01/94	3248	\$387370.75	\$118497.84	\$24219.29	784	\$87963.67	2309	\$238341.71	116	\$14721.98	\$372648.77	31.80
02/94	1734	\$199229.73	\$58212.68	\$233161.83	425	\$43437.81	1216	\$128799.27	70	\$9415.90	\$189813.83	30.67
03/94	788	\$90201.45	\$18242.37	\$37330.33	138	\$4313.89	608	\$64812.23	24	\$2977.03	\$87224.42	20.91
04/94	1827	\$209960.68	\$56618.02	\$32966.49	397	\$48540.18	1286	\$131444.66	62	\$8953.71	\$201006.97	28.17
05/94	1557	\$164734.11	\$33649.40	\$28012.19	330	\$25445.15	1131	\$121530.74	40	\$3885.10	\$160849.01	20.92
06/94	1297	\$144427.23	\$23196.00	\$30120.78	228	\$16999.21	964	\$107714.04	25	\$2627.19	\$141800.04	16.36
07/94	1799	\$211406.92	\$43964.74	\$22715.08	350	\$28698.77	1358	\$155420.78	28	\$3397.75	\$102009.17	21.14
08/94	1443	\$1667135.91	\$39758.50	\$30569.49	281	\$28305.79	1050	\$114089.74	40	\$8019.09	\$158716.82	25.05
09/94	2106	\$244192.29	\$53855.17	\$38804.94	429	\$40215.87	1484	\$164617.42	68	\$6716.08	\$237476.21	22.68
10/94	1367	\$173589.35	\$36275.78	\$55367.88	290	\$28929.48	958	\$115656.37	52	\$10077.86	\$163511.49	22.19
11/94	1957	\$244742.15	\$60164.13	\$34418.24	368	\$44951.53	1413	\$148020.52	93	\$24181.46	\$220560.69	27.28
12/94	1218	\$151614.45	\$32123.79	\$38913.69	223	\$26963.80	846	\$98120.54	59	\$14759.63	\$136854.82	23.47
TOT94	20341	\$2388205.02	\$574558.42	\$396600.23	4243	\$434785.15	14653	\$1588568.02	677	\$109732.78	\$2278472.24	25.22
01/95	1152	\$149933.23	\$35843.87	\$51345.83	244	\$29009.38	774	\$90667.66	65	\$13285.57	\$136647.66	26.23
02/95	2015	\$262256.00	\$58427.58	\$30869.22	420	\$40938.86	1288	\$152154.56	74	\$9814.21	\$252441.79	23.14
03/95	2055	\$251732.93	\$58040.77	\$67492.63	435	\$45368.67	1357	\$152666.91	99	\$13745.66	\$237987.27	24.39
04/95	1057	\$129912.54	\$28395.81	\$46037.28	190	\$20373.77	719	\$77287.49	37	\$5220.27	\$124692.27	22.77
05/95	921	\$109661.41	\$22412.98	\$36154.03	148	\$15927.68	601	\$63842.44	53	\$8210.27	\$101451.14	22.09
06/95	1380	\$170353.17	\$30071.33	\$37354.86	241	\$20845.15	917	\$96625.56	47	\$9079.38	\$161273.79	18.65
07/95	1093	\$124820.33	\$36529.68	\$38913.85	266	\$24487.41	360	\$48219.81	65	\$7115.63	\$117704.70	31.04
08/95	130	\$15651.31	\$6454.09	\$30617.66	59	\$5101.61	105	\$13999.79	27	\$3121.97	\$12529.34	51.51
09/95	1031	\$118717.41	\$24835.01	\$32795.05	222	\$18515.97	230	\$27669.08	50	\$6493.21	\$11224.20	22.13
10/95	1827	\$206201.15	\$41115.68	\$23925.18	312	\$31274.05	377	\$45424.92	90	\$15705.93	\$190495.22	21.58
11/95	1172	\$150204.46	\$26258.68	\$28372.06	191	\$21071.08	249	\$28187.28	40	\$5564.77	\$144639.68	18.15
12/95	1270	\$162673.46	\$29933.75	\$38904.60	247	\$23574.88	220	\$24495.81	41	\$10823.68	\$151849.77	19.71
TOT95	15103	\$1852117.40	\$398319.23	\$462782.25	2975	\$296489.81	7197	\$821241.31	688	\$108180.56	\$1743936.84	22.84
01/96	777	\$125379.65	\$25291.65	\$31927.91	159	\$21392.18	5	\$1608.40	15	\$4820.75	\$120558.90	20.98
02/96	820	\$125089.26	\$27804.36	\$26199.73	164	\$19721.10	2	\$149.15	17	\$2327.63	\$122761.63	22.65
03/96	1358	\$187821.37	\$31542.05	\$37973.10	244	\$26946.85	5	\$428.67	40	\$5382.69	\$182438.68	17.29
04/96	157	\$30098.16	\$8166.47	\$31740.96	22	\$7770.69	0	\$0	4	\$67.53	\$30030.63	27.19
05/96	1138	\$174848.24	\$18000.19	\$23424.32	142	\$15219.69	2	\$378.15	6	\$772.60	\$174075.64	10.34
06/96	1528	\$230639.60	\$21703.05	\$67869.45	157	\$17155.35	2	\$290.75	17	\$1746.46	\$228893.14	9.48
07/96	1160	\$189270.00	\$2933.78	\$29845.45	24	\$2385.28	0	\$0	0	\$0	\$189270.00	1.55
TOT96	6938	\$1063146.28	\$135441.55	\$248980.92	912	\$110591.13	16	\$2855.12	99	\$15117.66	\$1048028.62	12.92
CLTOT	42382	\$303468.70	\$1108319.20	\$1108363.40	8130	\$41846.09	21866	\$2412664.45	1464	\$233031.00	\$5070467.70	21.86

CLIENT CANCELLATION REPORT

DATE		PENN CREDIT CORPORATION CLIENT CANCELLATION REPORT					PAGE 0001		
ACCOUNT NUMBER	DEBTOR # NAME	DATE	GROSS	TOTAL	LAST PMT	REMAINING	CLIENT	STAT	
CANCELLATION REASON		PLACED	AMOUNT	PAYMENTS	DATE	BALANCE	NO.		
BKR DOCKET #									
000001000100	002 DOE, JOHN	05/05/96	\$3797.24	0.00	00/00/00	\$3797.24	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	003 DOE, JOHN	05/05/96	\$259.06	0.00	00/00/00	\$259.06	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	004 DOE, JOHN	05/05/96	\$489.03	0.00	00/00/00	\$489.03	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	005 DOE, JOHN	05/05/96	\$91.62	0.00	00/00/00	\$91.62	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	006 DOE, JOHN	05/05/96	\$43.20	0.00	00/00/00	\$43.20	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	007 DOE, JOHN	05/05/96	\$126.50	0.00	00/00/00	\$126.50	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	008 DOE, JOHN	05/05/96	\$232.03	0.00	00/00/00	\$232.03	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	009 DOE, JOHN	05/05/96	\$53.00	0.00	00/00/00	\$53.00	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	010 DOE, JOHN	05/05/96	\$453.16	0.00	00/00/00	\$453.16	P5394	NEW	
01 ACCOUNTS IS UNCOLLECTIBLE.									
000001000100	011 DOE, JOHN	05/05/96	\$32.60	0.00	00/00/00	\$32.60	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	012 DOE, JOHN	05/05/96	\$143.90	0.00	00/00/00	\$143.90	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	013 DOE, JOHN	05/05/96	\$31.80	0.00	00/00/00	\$31.80	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	014 DOE, JOHN	05/05/96	\$126.83	0.00	00/00/00	\$126.83	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	015 DOE, JOHN	05/05/96	\$42.06	0.00	00/00/00	\$42.06	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	016 DOE, JOHN	05/05/96	\$119.60	0.00	00/00/00	\$119.60	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	017 DOE, JOHN	05/05/96	\$277.66	0.00	00/00/00	\$277.66	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	018 DOE, JOHN	05/05/96	\$6194.58	0.00	00/00/00	\$6194.58	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	019 DOE, JOHN	05/05/96	\$2767.98	0.00	00/00/00	\$2767.98	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	020 DOE, JOHN	05/05/96	\$42.40	0.00	00/00/00	\$42.40	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	021 DOE, JOHN	05/05/96	\$37.10	0.00	00/00/00	\$37.10	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	022 DOE, JOHN	05/05/96	\$2851.00	0.00	00/00/00	\$2851.00	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									
000001000100	023 DOE, JOHN	05/05/96	\$436.00	0.00	00/00/00	\$436.00	P5394	NEW	
01 ACCOUNT IS UNCOLLECTIBLE.									

P5394	CLIENT NAME								
	CLIENT ADDRESS	TOTALS	\$18647.25	\$0.00		\$18647.25		22	



STATEMENT OF COLLECTION



Penn Credit Corporation
916 S. 14th Street
Harrisburg, PA 17108
(800) 800-DEBT
(717) 238-7124
(717) 238-1370 FAX

Client Name:
Client Address:

Month Year
From: 00/01/00 To: 00/31/00

Attn:

ACCOUNT		NAME					
DATE PLACED	DATE COLLECTED	PAID YOU	PAID US	COMM/CODE	DUE US	DUE YOU	ITEM BALANCE
12-22-96	DOE, JOHN						
1/10/96	9/10/96		\$100.00	23.0% A	\$23.00	\$77.00	
191555-2	DOE, JOHN						
1/02/96	9/18/96		\$67.05	23.0% A	\$15.42	\$51.63	
791413-8	DOE, JOHN						
11/29/94	9/10/96		\$20.00	23.0% A	\$4.60	\$15.40	
3402799-5	DOE, JOHN						
3/09/95	9/10/96		\$96.39	23.0% A	\$22.16	\$74.23	\$385.57
5510549-6	DOE, JOHN						
11/04/95	9/25/96		\$25.00	23.0% A	\$5.75	\$19.25	\$26.44
190647-8	DOE, JOHN						
1/18/95	9/04/96		\$10.00	23.0% A	\$2.30	\$7.70	\$301.13
783650-5	DOE, JOHN						
5/14/94	9/02/96		\$10.00	23.0% A	\$2.30	\$7.70	\$556.50
5512679-9	DOE, JOHN						
1/02/96	9/24/96		\$31.36	23.0% A	\$7.21	\$24.15	
3401460-5	DOE, JOHN						
3/08/95	9/22/96		\$5.00	23.0% A	\$1.15	\$3.85	\$2074.53
11031-1	DOE, JOHN						
1/04/95	9/11/96		\$63.00	23.0% A	\$14.49	\$48.51	
5510204-0	DOE, JOHN						
9/30/95	9/23/96		\$25.00	23.0% A	\$5.75	\$19.25	\$591.00

APPENDIX TO PG. 20, NO. 15
OTHER STANDARDS USED

Penn Credit Corporation offers the following information in which we find worthy of the City of Fort Lauderdale in reviewing.

PROFESSIONAL ORGANIZATIONS		MEMBER SINCE
ACA	American Collectors Association	1987
PCA	Pennsylvania Collectors Association	1987
CCG	Commercial Collectors Group	1987
ACCA	American Commercial Collection Association	1987
NECC	Northeast Credit & Collection Group	1990
	Capital Region Chamber of Commerce	1987
	PA Business Privilege & Mercantile Tax Collectors Assoc	1987
AAHAM	American Association of Healthcare Administrative Mgmt (formerly AGPAM)	1987
HFMA	Healthcare Financial Management Association	1987
HAP	Hospital Association of Pennsylvania	1987
SPAM	Society of Patient Accounts Management	1987
PLCM	Pennsylvania League of Cities and Municipalities	1987
GFOA	Government Finance Officers Associations	1995
NLC	National League of Cities	1987
NJSLM	New Jersey State League of Municipalities	1997
	United States Conference of Mayors	1996
	County Commissioners Association of Pennsylvania	1996
	Maryland Municipal League	1997
	Government Finance Officers Association	1997
CCA	Career College Association	1993
PASBO	Pennsylvania Association of School Business Officials	1987
PCSA	Private Career School Association of New Jersey	1993
PAPSA	Pennsylvania Association of Private School Administrators	1993
NAHCS	National Association of Health Career Schools	1993
ACCET	The Accrediting Council for Continuing Educ. and Training	1993

TRAINING AND MONITORING

Penn Credit Corporation prides itself on its recruitment and training practices. They are a valuable part of our success in the industry. Staff turnover hurts the operation as a whole and more often hurts the quality and service that the company is able to provide to our clients. It is our mission to develop staff to the highest degree of efficiency in servicing our clients.

To insure that we are providing quality services and the best results for our clients, the management team is committed to maximum training and continued educational programs via internal and external resources.

Penn Credit Corporation's collector training period lasts a minimum of thirty days. During this training period the following areas are covered:

Day one: Orientation, personal introduction.
The following is discussed:

- < Company History
- < Company Policy
- < An introduction to the FDCPA and its importance in collections.

Day two: On the second day of training Penn Credit Corporation's collection philosophy is covered. The FDCPA is read and reviewed.

Day three: Collection Law - System Operation

- < FDCPA is reviewed and tested. This test must be passed with a minimum score of 90% and all areas that were missed are covered again until completely understood.
- < Trainees sit with collection representatives and monitor the conversations and start to learn our computer operations system.

Day four: Collection Law - System Operation

- < Trainees continue to monitor collection representatives and gain hands-on experience by working the operation system while the collection representative handles the actual dunning of debtors.
- < Introduction to collection pitches.

Day five: Telephone Operations

- < Once passed the FDCPA test, trainees will then learn our telephone operations system.
- < Continue to obtain hands-on training of our computer operation system
- < Review collection pitches.
- < Practice pitches with others.

Review (day six through day 30)

- < Review of pitching, collection philosophy, computer and telephone operation.
- < Collector trainees start handling collection calls on small balance accounts and are monitored by management.

During a new trainee's probation period of ninety days, on-the-job training is closely monitored. Collectors are brought in as groups and individuals to review pitching techniques and general training.

At Penn Credit Corporation we believe in advanced training provided by the supervisor, trainer/auditor and the more-experienced collectors. They are actively involved with helping the less-experienced collectors through first and foremost actions, then by group discussions and actual taking over of calls.

It is Penn Credit Corporation's commitment to provide our clients with a fully trained collection staff with state-of-the-art technology that will make our company second to none. We fully understand the various areas of collection, and we will tailor any collection efforts to the needs of our client. It is our commitment to utilize the latest technology and uphold the highest legal and ethical standards to achieve optimum results.

The collection manager holds bi-weekly training sessions on different areas of collection tactics. These topics are announced a week before the session, and the collection supervisors send the collectors that they feel will best benefit from the session.

QUALITY CONTROL PLAN

Penn Credit Corporation believes in the statement: **"expect what you inspect"**. It is the responsibility of the collection management staff to inspect the work, performance, and assure its high quality in the performance of the collection staff.

The collection department has the following management:

First Level	Operations Manager
Second Level	Collection Manager
Third Level	Auditor, Assistant Collection Manager, Trainer
Fourth Level	8 Supervisors
Fifth Level	12 Collection Representatives to each supervisor

Penn Credit Corporation feels the first step in assuring high work quality is to have a proper management to collector ratio. Penn Credit Corporation has twelve to one ratio of collectors to management. The collection manager is ultimately responsible for the performance and actions of the collection department. The assistant manager, auditor and trainer report directly to the manager. Collection supervisors report directly to the assistant manager.

The proper mix of training, auditing, and monitoring of the collection staff allows high quality in work performance. To assist the management, Penn Credit Corporation has Voice Control Technology, which tapes every phone call for quality control purposes. When management monitors dunnings and feels the collector may need additional help or guidance, he/she has the collection representative listen to the conversation. Then reviews it with them. If needed, the manager/supervisor monitoring will report to the trainer or auditor depending on the problem needed to be addressed for training or auditing follow up.

The collection manager holds biweekly training sessions on different areas of collection tactics. The topic is announced a week before the session and the collection supervisors send the collectors they feel can benefit from the session.

Collection management is always available to take complaint calls when needed. This is often an area that gives Management training material on how to handle calls and certain situations.

As mentioned in the preceding paragraphs, Penn Credit Corporation is committed to quality control. It is achieved through Management intervention, training, auditing and most importantly follow up. The collection staff is aware of the management presence and acts accordingly.

MONITORING PERFORMANCE

The collection supervisors are responsible for tracking the daily, weekly and monthly collector figures in the following areas:

1. Collections (Collection standards obtained)
2. Phone calls and minutes on the phone: (150 calls and 250 minutes per day)
3. File Shape (new work, promises, broken promises, skip tracking done correctly)
4. Monitoring, verbal (to insure FDCPA and company policy compliance)

EVALUATION REPORTS

Collector Activity Report: Gives the accounts with comments the collector worked the previous day.

Phone Report: This report gives the total amount of calls on an incoming and outgoing basis and the total amount of time on the phone.

Collector Work totals: Gives totals for the amount of work each collector does in their loop by priority. This report can be generated by date (s).

Collector Verbal Audit Report: Each supervisor is required to verbally monitor their collectors on a bi-monthly basis to assure company guidelines, FDCPA guidelines and professionalism is met.

INTERNAL ANALYSIS

3. Month to date collection figures will be reviewed weekly to insure that collections are in line with established goals.
4. Internal batch tracking will be done monthly and reviewed with the collection staff. Penn Credit Corporation believes that the collection staff should be constantly aware of the performance and rankings compared to the competition.
3. Collection bonuses will be awarded for winning batch tracks and maintaining recovery rates as well as personal collections.

COLLECTOR SCRIPT

Penn Credit Corporation obtains a complete debtor profile through a series of financial qualifying questions designed to make the best possible arrangement for both the client and the debtor.

The qualifying questions asked pertain to a debtor's total household net income compared to their total household debt liability. Once a complete debtor profile is taken Penn Credit Corporation's collection representatives are trained to guide the debtor to sources of income that will resolve the debt in the shortest period of time.

The following is the guideline taken from Penn Credit Corporation's collector training manual:

I. Identify the debtor

- A. Debtor is person that owes the money
- B. Spouse is married to the person who owes the money
- C. Third parties include girlfriends, boyfriends, children, relatives, neighbors.

Do not discuss debts with anyone other than the debtor

Upon proper identification of the debtor you are required to say:

"This is an attempt to collect a debt. Any information obtained will be used for that purpose".

II. Introduction

"Mr./Mrs. (debtor), my name is (collector). I am calling from the (name of agency being represented). My client is (name of client for whom we are collecting), who has instructed me to collect your delinquent account(s) in the amount of \$ _____. The purpose of my call is to determine if you will pay this/these bill(s) now."

III. Pause

The debtor, once identified and told who you are and why you are calling, will almost always have something to say in his/her defense. Allow them a **brief** amount of time to say what they will.

Politely interrupt and then:

IV. Give the debtor your address

Despite the fact that form letters and return address envelopes have already been sent to the debtor, this address writing exercise establishes the collector control over the remainder of the telephone call, and in addition assures that the debtor does indeed know where to send the money. The final piece of information in the address should be your collector name.

PENN CREDIT CORPORATION
916 S 14th Street
P.O. Box 988
Harrisburg, PA 19108-0988

V. Demand the account balance

If this is the first time that anyone has spoken to the debtor, a demand for the account balance is in order. That is the job of a collector!

If the debtor has been spoken to before, then you should be following up on the previous comments and demand performance of any promises previously made.

If the debtor has been spoken to before and no promises have been previously made, now is the time to find out what will motivate the debtor to pay.

VI. Gather profile information

In order to collect any account, it is necessary that you know some basic information about the debtor. This profile will tell you most of what you need to know to determine if the debtor has the ability to pay the bill you are attempting to collect. By using positive questions you are more likely to get positive answers.

Mr. Debtor:

Where do you work now?

What do you do there?

Where does your wife/husband work?

What does she/he do there?

What banks or finance companies do you have loans with now?

Which credit cards do you have now?

Which can you use now to pay this debt?

After obtaining this type of information you are in a position to determine if the debtor can pay the bill in full or if you should be talking about monthly payments.

VII. Ask for the money

Using the profile information you just obtained, you should now ask for the money. Some guidelines:

Good jobs, ok credit	=	Balance payments
Two jobs in household	=	Balance payments
Fair jobs	=	Payment arrangements
Unemployment	=	Arrangements only
Welfare income	=	Arrangements only
No income	=	Take best debtor offer

Methods of payments available:

Cash	Post-Dated Checks	Relative/Friends
Check	Credit Card Check	Western Union
Money Order	Credit Union Share \$	Loan Renewal
Check Facsimile	MasterCard & Visa	

VIII. Finalize the account

By now you have heard what the debtor has to say about the account you are attempting to collect. The debtor has heard who you are and why you have called. It is time to finalize the account. If payment arrangements have been reached, this information is then entered as a promise to pay with a follow up date of the first payment and amount.

If the debtor has promised to try to borrow the money and will call back to tell of his success, give him the telephone number and call back extension and set the appointment date for a recall.

If the debtor cannot be convinced to pay in any way, you should still make a demand for payment for the balance, to be paid within the next 7 days. You may tell the debtor that if the balance is not received, you will assume there is no interest in paying and you will take the appropriate action.

Note: Do not elaborate on the term "action". Remember, you cannot threaten that which you cannot or will not do.

If the debtor has made a promise to pay that you know is a stalling tactic or is not possible, first challenge the debtor about it. If he/she persists, agree and set the promise date. It is always easier to follow up on a broken promise than to get the promise in the first place.

Finally, restate the promise to pay, and be specific about the amount and when you expect to receive it. For example, "Mr. Debtor, if you mail half of the balance today, I should have it no later than (three days hence), wouldn't you agree?"

IX. Final notes

- I. Always do what you say you will do.
- II. Make it easy for the debtor to pay you.
- III. Be positive, even if the debtor isn't.
- IV. Keep calls business only; never personal.

If the client were in the room, would they approve?

PREDICTIVE DIALING PITCH

Before you start dunning a debtor make sure you properly identify the debtor or responsible party by name and address. You must make sure you are talking to the proper party before identifying or disclosing any information about the bill.

Ask for the person by complete name

Verify address

Verify Social Security number

If you are unable to verify the person as the responsible party **DO NOT** disclose the bill or any information on the account.

OPENING PITCH

Mr/Mrs/Ms _____, my name is _____. I am calling from _____. This call may be recorded for quality control purposes. This is an attempt to collect a debt and any information obtained may be used for that purpose.

This call is concerning your account with _____ (client) your balance is \$ _____. At the present time my client is asking us to make a decision whether or not the bill will be **PAID IN FULL** immediately on a voluntary basis.

The above two paragraphs must be given with every pitch.

Pause for the debtor's response

Repeat the debtor's response.

I understand your problems (repeat HLS), however unfortunately our client is asking for **PAYMENT IN FULL** on an immediate basis to avoid any additional collection action.

(LISTEN)

If the debtor is unable to pay the bill in full, ask:

- a. How short of the balance are you?
- b. When can you **PAY IN FULL**?
- c. How many months do you need to **PAY IN FULL**?

Sources of income:

- a. Where do you work now?
- b. Where does your spouse work?

If the answer is that they do not work, try to determine the source of any support income.

- a. What is your income now?
- b. Where do those checks come from?
- c. When do you receive those checks?

Now that you know the debtor's income, you are now able to properly qualify the debtor for a continued demand for **BALANCE IN FULL** or a reasonable payment arrangement.

When the debtor's circumstances indicate that we should be firm in our demand for the **BALANCE IN FULL**, you need to lead the debtor to the source of money needed to pay the balance in full.

- a. Which bank or finance company do you do business with now?
- b. Where is your car/truck financed?
- c. Are your payments up to date with each of these?

What do you think (XYZ Company) would tell you if you asked them to lend you this money today?

You may have to explain that they can get additional money, even though they still owe on an existing loan.

Once you have established that the debtor has the ability to borrow the money necessary to pay in full, stick to your demand for the balance in full until the debtor proves to you that they are unable to raise the money.

If a monthly payment arrangement is indicated, then use the following **Payment Schedule**:

Under \$35	PIF	\$ 501 - \$ 900	5 payments
\$36 - \$75	2 payments	901 - 1350	6 payments
76 - 150	3 payments	1351 - Up	8 payments
151 - 500	4 payments		

When an arrangement is to be made with a debtor, it is necessary that you determine the **method** that the debtor uses to pay bills. In this way you may then determine the **urgency** method that you will pursue to get the debtor's money.

How do you usually pay your bills, by check or money order?

If by check, then pitch:

- a. Direct Check
- b. Post Dated Checks

If by money order, then pitch:

- a. First payment due now!
- b. First payment must be sent by urgent method!

Visa/MasterCard
Overnight courier
Western Union
Walk-in counter (if local debtor- give street address)

Always firm up and close the arrangement. This can be done in the following manner:

- a. Have the debtor repeat the arrangement
- b. Have the debtor repeat the address
- c. Offer the telephone number where you can be reached

CLOSING PITCH

Mr./Mrs./Ms. _____ we have made an arrangement to satisfy your just debt. We ask no more nor less than what has been agreed upon. You must understand that if you do not keep your arrangement that the balance of the bill will immediately become due in full. Do you have any questions? Thank you for your cooperation.

PENN CREDIT CORPORATION'S BANKRUPTCY PROCEDURES

Penn Credit Corporation implements the following procedures once a notification of bankruptcy is received. A dedicated clerical person will handle all procedures.

DAY 1 The clerical department immediately date stamps the bankruptcy correspondence.

DAY 2 Within twenty-four (24) hours, Penn Credit Corporation will cross reference all of the consumer/debtor information (i.e.: social security number, address, name, spousal information) to assure that all accounts are updated with the bankruptcy information.

The bankruptcy window is completed. The account status is updated to BNK and the account is closed. The bankruptcy correspondence is forwarded to all clients that wish to maintain the bankruptcy information on a weekly basis.

DAY 3 All correspondence that is received and Penn Credit Corporation is unable to locate the account(s), the attorney of record is contacted **within 72 hours** for additional information to help locate the account.

BIMONTHLY Penn Credit Corporation will notify the court(s) of all bankruptcies that cannot be located via mail **twice a month** and ask for additional information to help locate the proper consumer/debtor.

MONTHLY Clients will be notified of all bankruptcies on a monthly basis. They will receive this notice by the **10th of each month**. However, this time frame is flexible depending on the client's specific needs.

Account status is changed to BKR (where a prompt would bring up the BKR screen that was forwarded to MIS to create). All BKR information would be entered and a monthly report created to send to clients. An attorney or court would be contacted for additional information if we can't locate correct debtor account by phone 2 times and a letter will be sent if there is no response within 2 weeks. Client would be sent a document from an attorney if the account has been purged off of our system and we would be able to determine who the client is.

If we cannot determine who the client is, a document would be returned to the attorney stating that via letter. The only documents we would keep on file would be for accounts we own. Once a bankruptcy notice is received, it will be processed within 10 days. At the end of every month a report will be generated to include important information and sent to the client.

TY #	ATTY NAME FIRM NAME LAST USED	ADDRESS 1 PHONE 1	PHONE 2	ADDRESS 2 FAX NUMBER RATE 1	PATE 2	CITY STATE EMAIL ADDRESS RATE 3	RATE 4	PATE 5	ZIP CODE
0100	John G. Heimos, Esquire John G. Heimos, Esquire 1999/04/28	12620 Lamplighter Square 314 842 5444	000 000 0000	314 842 4793 19.00	0.00	St. Louis, MO		63128	
0101	Balmuth, Barry S P.A. Balmuth, Barry S, P.A. 0000/00/00	Centurion Tower - Third Floor 561 242 9400	000 000 0000	1601 Forum Place - Suite 561 686 4052	0.00	West Palm Beach, FL		32401	
0102	Joel N. Melnicoff, Esquire Joel N. Melnicoff, Esquire 0000/00/00	622 University Building 315 422 5564	000 000 0000	120 East Washington St 315 474 7484	0.00	Syracuse, NY		13202	
0103	Robert Reibstein, Esquire Robert Reibstein, Esquire 0000/00/00	705 Montgomery Avenue 610 664 1999	000 000 0000	2nd Floor 610 567 1499	0.00	Marbeth, PA		19072	
0104	Robert Becker, Esquire Becker & Litterst 0000/00/00	331 Fulton Street 309 673 3807	000 000 0000	Suite 416 509 461 2325	0.00	Peoria, IL		61602	
0105	James Reed Poos, Esquire 0000/00/00	1660 West Second St 216 781 8700	000 000 0000	Suite 270 216 781 9227	0.00	Cleveland, Ohio		44113-1498	
0106	John E Howell, Esquire Howell Law Firm 0000/00/00	P.O. Box 5838 601 482 8741	000 000 0000	601 482 8747 22.00	0.00	Meridian, MS		39302	
0107	Eric Whitcher, Esquire Whitcher Law Office 0000/00/00	P. O. Box 3710 605 341 7422	000 000 0000	605 343 9760 23.00	0.00	Rapid City, SD		57709	
0108	Blatt, Stuart, Esquire Margolis, Pritzker & Epstein, 0000/00/00	405 East Joppa Road 410 823 2480	000 000 0000	Suite 100 410 823 2483	0.00	Towson, MD		21286	
0109	Christopher D Parker, Esquire Law Office, Christopher Parker 0000/00/00	2179 Northlake Parkway 770 496 1036	000 000 0000	Bldg 5 suite 16 770 934 8823	0.00	Tucker, GA		30084	
0110	P GEORGE, ESQUIRE P GEORGE & ELIADES ATTY AT LAW 0000/00/00	ATTENTION: EMILY HENRY 804 541 1941	000 000 0000	P.O. BOX 1007 804 541 2673	0.00	HOPEWELL, VA 23860		23860	
0111	Ronald B Rich, Esquire Ronald B Rich & Associates 0000/00/00	31731 Northwestern Highway 248 851 4411	000 000 0000	Suite 280W 248 851 1094	0.00	Farmington Hills, MI		48334	
0112	Phillip Chancey, Esquire Campbell & Chancey, Atty @ law 0000/00/00	P.O. Box 763 law 334 396 0232	000 000 0000	334 396 0294 23.00	0.00	Montgomery, AL		36101	
0113	Keith D Richey, Esquire KEITH D Richey Law Office 0000/00/00	P.O. Box 63 316 267 6800	000 000 0000	316 267 6480 23.00	0.00	Wichita, KS		67201	

ATTY #	ATTY NAME FIRM NAME LAST USED	ADDRESS 1 PHONE 1	PHONE 2	ADDRESS 2 FAX NUMBER RATE 1	RATE 2	CITY STATE EMAIL ADDRESS RATE 3	RATE 4	RATE 5	ZIP CODE
000114	Robert L Martin, Esq Robert L Martin, Atty & Law 0000/00/00	200 South 7th Street 502 584 4852	000 000 0000	Suite 145 502 584 1320 25.00	0.00	Louisville, KY	0.00	40202	0.00
000115	Gary R Underwood, Esquire Underwood Law Firm 0000/00/00	721 Olive Street 314 621 4940	000 000 0000	Suite 1400 314 621 5145 23.00	0.00	St Louis, MO inquiries@underwoodlaw.com	0.00	63101	0.00
000116	Joe Bertroche, Sr., Esquire Bertroche Law Offices 0000/00/00	4044 SE 14th Street 515 285 0461	000 000 0000	515 285 2660 25.00	0.00	Des Moines, IA bertroche@hotmail.com	0.00	50320	0.00
000117	Daniel Monaghan, Esquire Daniel E. Monaghan, Atty & Law 0000/00/00	5600 North Antioch 816 452 1800	000 000 0000	816 452 2709 25.00	0.00	Kansas City, MO	0.00	64119	0.00
000118	Janell Ostroski, Esquire Schoenbeck & Schoenbeck, PA 0000/00/00	1211 Milltown Road 302 999 9316	000 000 0000	Suite A 302 999 8387 23.50	0.00	Wilmington, DE schoenbeck@schoenbeck.com	0.00	19808	0.00
000119	C. Edward Noe, Esquire C. Edward Noe Attorney & Law 0000/00/00	230 Northland Blvd 513 772 0004	000 000 0000	Suite 217 513 772 0302 25.00	0.00	Cincinnati, OH ednoe@one.net	0.00	45209	0.00
000120	John Coletti, Esquire Coletti & Tente, Atty at Law 0000/00/00	311 Doric Avenue 401 941 4050	000 000 0000	401 941 2130 30.00	0.00	Cranston, RI	0.00	02910	0.00
000121	Michael Shklar, Esquire Elliot Jasper Auten & Shklar 0000/00/00	35 Main Street 603 863 5102	000 000 0000	603 863 3970 25.00	0.00	Newport, OH	0.00	03773	0.00
000122	Alfred M. Sanchez Law Offices of Alfred Sanchez 0000/00/00	708 Marquette North West 505 242 1979	000 000 0000	505 766 9700 25.00	0.00	Albuquerque, NM mopac@swcp.com	0.00	87102	0.00
000123	Jacques Machol Jr. Machol & Johannes, PC 0000/00/00	600 17th Street 303 830 0075	000 000 0000	Suite 850 South 303 893 2657 25.00	0.00	Denver, CO maj@colocollect.com	0.00	80202-5442	0.00
000124	Donald Roberts Lustgarten & Roberts, 0000/00/00	1625 Parnam 402 346 1920	000 000 0000	Suite 900 402 346 8566 25.00	0.00	Omaha, NE	0.00	68102	0.00
000125	David Duggins Duggins Law Firm 0000/00/00	916 Lafayette Street 504 561 1216	000 000 0000	504 561 5619 25.00	0.00	New Orleans, LA dduggins@bellsouth.net	0.00	70113	0.00
000126	Emmett L. Goodman, Esquire Law Office @ Emmett L. Goodman 0000/00/00	544 Mulberry Street 912 745 5415	000 000 0000	Suite 800 912 746 8655 25.00	0.00	Macon, GA elgoodman@worldnet.att.net	0.00	31201	0.00
000127	James P. Hayes, Esquire Holmes Hayes & Walter LLP 0000/00/00	P.O. Box 512 219 936 2697	000 000 0097	219 936 5449 25.00	0.00	Plymouth, IN	0.00	46563	0.00

TTY #	ATTY NAME FIRM NAME LAST USED	ADDRESS 1 PHONE 1	PHONE 2	ADDRESS 2 FAX NUMBER	RATE 1	RATE 2	RATE 3	CITY STATE EMAIL ADDRESS	ZIP CODE
00128	Michael Cline, Esquire Michael Cline, Atty at Law 0000/00/00	223 Morrison Building 304 343 5001 000 000 0000		815 Quarrier Street 304 343 0105 25.00		0.00	0.00	Charlesston, WV mcline@clinelaw.com 0.00	25301 0.00
00129	Michael D Weis, Esquire Law Offices & Michael D Weis 0000/00/00	843 Pony Lane 847 498 5868 000 000 0000		P.O. BOX 1166 847 498 9118 25.00		0.00	0.00	Northbrook, IL 0.00	60065 0.00
00130	Jack Frisch, Esquire Spstein & Frisch Atty & Law 0000/00/00	1 Virginia Avenue 317 639 1326 000 000 0000		Suite 200 317 638 9891 25.00		0.00	0.00	Indianapolis, IN 0.00	46204 0.00
00131	William M. Halcomb, Esquire Halcomb & Weirtheim PC 0000/00/00	2231 First Ave N 205 251 0007 000 000 0000		205 251 0017 25.00		0.00	0.00	Birmingham, AL mac3hw-al.com 0.00	35203 0.00
00132	John E Buffalo, Esquire Buffaloe & Sharp 0000/00/00	201 Fourth Ave, North 615 256 2642 000 000 0000		Sun Trust Bank Bldg Suite 615 254 8813 25.00		0.00	0.00	Nashville, TN jbuffaloe@bsattys.com 0.00	37219 0.00
00133	Josh McHughes, Esquire Josh McHughes, Atty & Law 0000/00/00	P. O. Box 2180 501 376 9131 000 000 0000		501 374 9332 25.00		0.00	0.00	Little Rock, AR 0.00	72203 0.00
00134	James Henley, Esquire Henley, Lotterhos & Henley, PL 0000/00/00	P. O. Box 509 601 894 1281 000 000 0000		601 894 1272 25.00		0.00	0.00	Hazlehurst, MS 0.00	39083 0.00
00135	Sherry Batz Gilroy Law Firm 0000/00/00	1610 Des Peres Road 314 965 3536 000 000 0000		Suite 300 314 966 2144 19.00		0.00	0.00	St Louis, MO 0.00	63131-1850 0.00
00136	Arthur Recht, Esquire Recht Law Offices 0000/00/00	3405 Main Street 304 748 5850 000 000 0000		P.O. Box 841 304 748 6019 25.00		0.00	0.00	Weirton, WV 0.00	26062 0.00

EXHIBIT "A"
RESPONSE TO GENERAL CONDITIONS

PART I BIDDER PROPOSAL PAGE(S) CONDITIONS:

Penn Credit Corporation understands will comply with all terms and conditions of this section.

PART II DEFINITIONS/ORDER OF PRECEDENCE:

Penn Credit Corporation understands and will comply with all terms and conditions of this section.

PART III BIDDING AND AWARD PROCEDURES:

Penn Credit Corporation understands and will comply with all terms and conditions of this section.

PART IV BONDS AND INSURANCE:

Penn Credit Corporation understands and will comply with all terms and conditions of this section.

PART V PURCHASE ORDER AND CONTRACT TERMS:

Penn Credit Corporation understands and will comply with all terms and conditions of this section.

EXHIBIT "A"
City of Fort Lauderdale
GENERAL CONDITIONS

These instructions are standard for all contracts for commodities or services issued through the City of Fort Lauderdale Division of Procurement & Materials Management. The City may delete, supersede, or modify any of these standard instructions for a particular contract by indicating such change in the Invitation to Bid (ITB)/Request for Proposal (RFP) Special Conditions, Technical Specifications, Instructions, Proposal Pages, Addenda, and Legal Advertisement.

PART I BIDDER PROPOSAL PAGE(S) CONDITIONS:

- 1.01 BIDDER ADDRESS:** The City maintains automated vendor mailing lists for each specific Commodity Class Item. Invitation to Bid (ITB'S) will be mailed first to a selection of Bidders who have fully registered on our system. Requests will be mailed to unregistered Bidders within a reasonable time frame for that bid only. Neither the mailing of one ITB to the vendor, nor a bid in return, will register a vendor on our system. If you wish purchase orders sent to a different address, please so indicate. If you wish payments sent to a different address, please so indicate on your invoice.
- 1.02 DELIVERY:** Time will be of the essence for any orders placed as a result of this ITB. The City reserves the right to cancel any orders, or part thereof, without obligation if delivery is not made in accordance with the schedule specified by the Bidder and accepted by the City.
- 1.03 PAYMENT TERMS AND CASH DISCOUNTS:** Payment terms, unless otherwise stated in this ITB, will be considered to be net 30 days after the date of satisfactory delivery at the place of acceptance and receipt of correct invoice at the office specified, whichever occurs last. Bidder may offer cash discounts for prompt payment but they will not be considered in determination of award. If a Bidder offers a discount, it is understood that the discount time will be computed from the date of satisfactory delivery, at the place of acceptance, and receipt of correct invoice, at the office specified, whichever occurs last.
- 1.04 TOTAL BID DISCOUNT:** If Bidder offers a discount for award of all items listed in the bid, such discount shall be deducted from the total of the firm net unit prices bid and shall be considered in tabulation and award of bid.
- 1.05 BIDS FIRM FOR ACCEPTANCE:** Bidder warrants, by virtue of bidding, that his bid and the prices quoted in his bid will be firm for acceptance by the City for a period of ninety (90) days from the date of bid opening unless otherwise stated in the ITB.
- 1.06 VARIANCES:** For purposes of bid evaluation, Bidder's must indicate any variances, no matter how slight, from ITB General Conditions, Special Conditions, Specifications or Addenda in the space provided in the ITB. No variations or exceptions by a Bidder will be considered or deemed a part of the bid submitted unless such variances or exceptions are listed in the bid and referenced in the space provided on the bidder proposal pages. If variances are not stated, or referenced as required, it will be assumed that the product or service fully complies with the City's terms, conditions, and specifications.
- By receiving a bid, City does not necessarily accept any variances contained in the bid. All variances submitted are subject to review and approval by the City. If any bid contains material variances that, in the City's sole opinion, make that bid conditional in nature, the City reserves the right to reject the bid or part of the bid that is declared, by the City as conditional.
- 1.07 NO BIDS:** If you do not intend to bid please indicate the reason, such as insufficient time to respond, do not offer product or service, unable to meet specifications, schedule would not permit, or any other reason, in the space provided in this ITB. Failure to bid or return no bid comments prior to the bid due and opening date and time, indicated in this ITB, may result in your firm being deleted from our Bidder's registration list for the Commodity Class Item requested in this ITB.
- 1.08 MINORITY AND WOMEN BUSINESS ENTERPRISE PARTICIPATION AND BUSINESS DEFINITIONS:** The City of Fort Lauderdale wants to increase the participation of Minority Business Enterprises (MBE), Women Business Enterprises (WBE), and Small Business Enterprises (SBE) in its purchasing activities. If your firm qualifies in accordance with the below definitions please indicate in the space provided in this ITB.

Minority Business Enterprise (MBE) "A Minority Business" is a business enterprise that is owned or controlled by one or more socially or economically disadvantaged persons. Such disadvantage may arise from cultural, racial, chronic economic circumstances or background or other similar cause. Such persons include, but are not limited to: Blacks, Hispanics, Asian Americans, and Native Americans.

The term 'Minority Business Enterprise' means a business at least 51 percent of which is owned by minority group members or, in the case of a publicly owned business, at least 51 percent of the stock of which is owned by minority group members. For the purpose of the preceding sentence, minority group members are citizens of the United States who include, but are not limited to: Blacks, Hispanics, Asian Americans, and Native Americans.

Women Business Enterprise (WBE) a "Women Owned or Controlled Business is a business enterprise at least 51 percent of which is owned by females or, in the case of a publicly owned business, at least 51 percent of the stock of which is owned by females.

Small Business Enterprise (SBE) "Small Business" means a corporation, partnership, sole proprietorship, or other legal entity formed for the purpose of making a profit, which is independently owned and operated, has either fewer than 100 employees or less than \$1,000,000 in annual gross receipts.

BLACK, which includes persons having origins in any of the Black racial groups of Africa.

WHITE, which includes persons whose origins are Anglo-Saxon and Europeans and persons of Indo-European decent including Pakistani and East Indian.

HISPANIC, which includes persons of Mexican, Puerto Rican, Cuban, Central and South American, or other Spanish culture or origin, regardless of race.

NATIVE AMERICAN, which includes persons whose origins are American Indians, Eskimos, Aleuts, or Native Hawaiians.

ASIAN AMERICAN, which includes persons having origin in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands.

1.09 MINORITY-WOMEN BUSINESS ENTERPRISE PARTICIPATION

It is the desire of the City of Fort Lauderdale to increase the participation of minority (MBE) and women-owned (WBE) businesses in its contracting and procurement programs. While the City does not have any preference or set aside programs in place, it is committed to a policy of equitable participation for these firms. Proposers are requested to include in their proposals a narrative describing their past accomplishments and intended actions in this area. If proposers are considering minority or women owned enterprise participation in their proposal, those firms, and their specific duties have to be identified in the proposal. If a proposer is considered for award, he will be asked to meet with City staff so that the intended MBE/WBE participation can be formalized and included in the subsequent contract.

- 1.09(a) **CERTIFICATION BY BROWARD COUNTY, FL:** If awarded a contract or purchase order as a result of this solicitation, and if the awarded contractor/vendor is claiming minority status in accordance with Section 1.08 of the General Conditions, then said awarded contractor/vendor shall apply for certification by Broward County, Florida, Division of Equal Employment and Small Business Opportunity. Contractor/vendor shall provide documentation of application status, and once approved or disapproved by Broward County, must also provide that documentation to the Purchasing Division of the City of Fort Lauderdale.

Part II. DEFINITIONS/ORDER OF PRECEDENCE:

- 2.01 **BIDDING DEFINITIONS** The City will use the following definitions in its general conditions, special conditions, technical specifications, instructions to bidders, addenda and any other document used in the bidding process:
 INVITATION TO BID (ITB) when the City is requesting bids from qualified Bidders.
 REQUEST FOR PROPOSALS (RFP) when the City is requesting proposals from qualified Proposers.
 BID – a price and terms quote received in response to an ITB.
 PROPOSAL – a proposal received in response to an RFP.
 BIDDER – Person or firm submitting a Bid.
 PROPOSER – Person or firm submitting a Proposal.
 RESPONSIVE BIDDER – A person whose bid conforms in all material respects to the terms and conditions included in the ITB.
 RESPONSIBLE BIDDER – A person who has the capability in all respects to perform in full the contract requirements, as stated in the ITB, and the integrity and reliability that will assure good faith performance.
 FIRST RANKED PROPOSER – That Proposer, responding to a City RFP, whose Proposal is deemed by the City, the most advantageous to the City after applying the evaluation criteria contained in the RFP.
 SELLER – Successful Bidder or Proposer who is awarded a Purchase Order or Contract to provide goods or services to the City.
 CONTRACTOR – Successful Bidder or Proposer who is awarded a Purchase Order, award Contract, Blanket Purchase Order agreement, or Term Contract to provide goods or services to the City.
 CONTRACT – A deliberate verbal or written agreement between two or more competent parties to perform or not to perform a certain act or acts, including all types of agreements, regardless of what they may be called, for the procurement or disposal of equipment, materials, supplies, services or construction.
 CONSULTANT – Successful Bidder or Proposer who is awarded a contract to provide professional services to the City.
 The following terms may be used interchangeably by the City: ITB, or RFP; Bid or Proposal; Bidder, Proposer, or Seller; Contractor or Consultant; Contract, Award, Agreement or Purchase Order.

- 2.02 **SPECIAL CONDITIONS:** Any and all Special Conditions contained in this ITB that may be in variance or conflict with these General Conditions shall have precedence over these General Conditions. If no changes or deletions to General Conditions are made in the Special Conditions, then the General Conditions shall prevail in their entirety.

PART III. BIDDING AND AWARD PROCEDURES:

- 3.01 **SUBMISSION AND RECEIPT OF BIDS:** To receive consideration, bids must be received prior to the bid opening date and time. Unless otherwise specified, Bidder's should use the proposal forms provided by the City. These forms may be duplicated, but failure to use the forms may cause the bid to be rejected. Any erasures or corrections on the bid must be made in ink and initialed by Bidder in ink. All information submitted by the Bidder shall be printed, typewritten or filled in with pen and ink. Bids shall be signed in ink. Separate bids must be submitted for each ITB issued by the City in separate sealed envelopes properly marked. When a particular ITB or RFP requires multiple copies of bids or proposals they may be included in a single envelope or package properly sealed and identified. Only send bids via facsimile transmission (FAX) if the ITB specifically states that bids sent via FAX will be considered. If such a statement is not included in the ITB, bids sent via FAX will be rejected. Bids will be publicly opened in the Procurement Office, or other designated area, in the presence of Bidder's, the public, and City staff. Bidders and the public are invited and encouraged to attend bid openings. Bids will be tabulated and made available for review by Bidder's and the public in accordance with applicable regulations.
- 3.02 **MODEL NUMBER CORRECTIONS:** If the model number for the make specified in this ITB is incorrect, or no longer available and replaced with an updated model with new specifications, the Bidder shall enter the correct model number on the bidder proposal page. In the case of an updated model with new specifications, Bidder shall provide adequate information to allow the City to determine if the model bid meets the City's requirements.

542-9029

- 3.03 PRICES QUOTED:** Deduct trade discounts, and quote firm net prices. Give both unit price and extended total. In the case of a discrepancy in computing the amount of the bid, the unit price quoted will govern. All prices quoted shall be F.O.B. destination, freight prepaid (Bidder pays and bears freight charges, Bidder owns goods in transit and files any claims), unless otherwise stated in Special Conditions. Each item must be bid separately. No attempt shall be made to tie any item or items contained in the ITB with any other business with the City.
- 3.04 TAXES:** The City of Fort Lauderdale is exempt from Federal Excise and Florida Sales taxes on direct purchase of tangible property. Exemption number for Federal Excise taxes is 59-74-0111K, and State Sales tax exemption number is 16-03-196479-54C.
- 3.05 WARRANTIES OF USAGE:** Any quantities listed in this ITB as estimated or projected are provided for tabulation and information purposes only. No warranty or guarantee of quantities is given or implied. It is understood that the Contractor will furnish the City's needs as they arise.
- 3.06 APPROVED EQUAL:** When the technical specifications call for a brand name, manufacturer, make, model, or vendor catalog number with acceptance of APPROVED EQUAL, it shall be for the purpose of establishing a level of quality and features desired and acceptable to the City. In such cases, the City will be receptive to any unit that would be considered by qualified City personnel as an approved equal. In that the specified make and model represent a level of quality and features desired by the City, the Bidder must state clearly in his bid any variance from those specifications. It is the Bidder's responsibility to provide adequate information, in his bid, to enable the City to ensure that the bid meets the required criteria. If adequate information is not submitted with the bid, it may be rejected. The City will be the sole judge in determining if the item bid qualifies as an approved equal.
- 3.07 MINIMUM AND MANDATORY TECHNICAL SPECIFICATIONS:** The technical specifications may include items that are considered minimum, mandatory, or required. If any Bidder is unable to meet, or exceed these items, and feels that the technical specifications are overly restrictive, he must notify the Procurement Division immediately. Such notification must be received by the Procurement Division prior to the deadline contained in the ITB, for questions of a material nature, or prior to five (5) days before bid due and open date, whichever occurs first. If no such notification is received prior to that deadline, the City will consider the technical specifications to be acceptable to all bidders.
- 3.08 MISTAKES:** Bidders are cautioned to examine all terms, conditions, specifications, drawings, exhibits, addenda, delivery instructions and special conditions pertaining to the ITB. Failure of the Bidder to examine all pertinent documents shall not entitle him to any relief from the conditions imposed in the contract.
- 3.09 SAMPLES AND DEMONSTRATIONS:** Samples or inspection of product may be requested to determine suitability. Unless otherwise specified in Special Conditions, samples shall be requested after the date of bid opening, and if requested should be received by the City within seven (7) working days of request. Samples, when requested, must be furnished free of expense to the City and if not used in testing or destroyed, will upon request of the Bidder, be returned within thirty (30) days of bid award at Bidder's expense. When required, the City may request full demonstrations of units prior to award. When such demonstrations are requested, the Bidder shall respond promptly and arrange a demonstration at a convenient location. Failure to provide samples or demonstrations as specified by the City may result in rejection of a bid.
- 3.10 LIFE CYCLE COSTING:** If so specified in the ITB, the City may elect to evaluate equipment proposed on the basis of total cost of ownership. In using Life Cycle Costing, factors such as the following may be considered: estimated useful life, maintenance costs, cost of supplies, labor intensity, energy usage, environmental impact, and residual value. The City reserves the right to use those or other applicable criteria, in its sole opinion that will most accurately estimate total cost of use and ownership.
- 3.11 BIDDING ITEMS WITH RECYCLED CONTENT:** In addressing environmental concerns, the City of Fort Lauderdale encourages Bidders to submit bids or alternate bids containing items with recycled content. When submitting bids containing items with recycled content, Bidder shall provide documentation adequate for the City to verify the recycled content. The City prefers packaging consisting of materials that are degradable or able to be recycled. When specifically stated in the ITB, the City may give preference to bids containing items manufactured with recycled material or packaging that is able to be recycled.
- 3.12 USE OF OTHER GOVERNMENTAL CONTRACTS:** The City reserves the right to reject any part or all of any bids received and utilize other available governmental contracts, if such action is in its best interest.
- 3.13 QUALIFICATIONS/INSPECTION:** Bids will only be considered from firms normally engaged in providing the types of commodities/services specified herein. The City reserves the right to inspect the Bidder's facilities, equipment, personnel, and organization at any time, or to take any other action necessary to determine Bidder's ability to perform. The Procurement Manager reserves the right to reject bids where evidence or evaluation is determined to indicate inability to perform.
- 3.14 BID SURETY:** If Special Conditions require a bid security, it shall be submitted in the amount stated. A bid security can be in the form of a bid bond, postal money order, cashiers check, or irrevocable letter of credit. Bid security will be returned to the unsuccessful bidders as soon as practicable after opening of bids. Bid security will be returned to the successful bidder after acceptance of the performance bond or irrevocable letter of credit, if required; acceptance of insurance coverage, if required; and full execution of contract documents, if required; and full execution of contract documents, if required; or conditions as stated in Special Conditions.
- 3.15 PUBLIC RECORDS:** Florida law provides that municipal records shall at all times be open for personal inspection by any person. Section 119.01, F.S., The Public Records Law. Information and materials received by City in connection with an ITB response shall be deemed to be public records subject to public inspection upon award, recommendation for award, or 10 days after bid opening, whichever occurs first. However, certain exemptions to the public records law are statutorily provided for in Section 119.07, F.S. If the Proposer believes any of the information contained in his or her response is exempt from the Public Records Law, then the Proposer, must in his or her response, specifically identify the material which is deemed to be exempt and cite the legal authority for the exemption, otherwise, the City will treat all materials received as public records.

- 3.16 PROHIBITION OF INTEREST:** No contract will be awarded to a bidding firm who has City elected officials, officers or employees affiliated with it, unless the bidding firm has fully complied with current Florida State Statutes and City Ordinances relating to this issue. Bidders must disclose any such affiliation. Failure to disclose any such affiliation will result in disqualification of the Bidder and removal of the Bidder from the City's bidder lists and prohibition from engaging in any business with the City.
- 3.17 RESERVATIONS FOR AWARD AND REJECTION OF BIDS:** The City reserves the right to accept or reject any or all bids, part of bids, and to waive minor irregularities or variations to specifications contained in bids, and minor irregularities in the bidding process. The City also reserves the right to award the contract on a split order basis, lump sum basis, individual item basis, or such combination as shall best serve the interest of the City. The City reserves the right to make an award to the responsive and responsible bidder whose product or service meets the terms, conditions, and specifications of the ITB and whose bid is considered to best serve the City's interest. In determining the responsiveness of the offer and the responsibility of the Bidder, the following shall be considered when applicable: the ability, capacity and skill of the Bidder to perform as required; whether the Bidder can perform promptly, or within the time specified, without delay or interference; the character, integrity, reputation, judgment, experience and efficiency of the Bidder; the quality of past performance by the Bidder; the previous and existing compliance by the Bidder with related laws and ordinances; the sufficiency of the Bidder's financial resources; the availability, quality and adaptability of the Bidder's supplies or services to the required use; the ability of the Bidder to provide future maintenance, service or parts; the number and scope of conditions attached to the bid.
- If the ITB provides for a contract trial period, the City reserves the right, in the event the selected bidder does not perform satisfactorily, to award a trial period to the next ranked bidder or to award a contract to the next ranked bidder, if that bidder has successfully provided services to the City in the past. This procedure to continue until a bidder is selected or the contract is re-bid, at the sole option of the City.
- 3.18 LEGAL REQUIREMENTS:** Applicable provisions of all federal, state, county laws, and local ordinances, rules and regulations, shall govern development, submittal and evaluation of all bids received in response hereto and shall govern any and all claims and disputes which may arise between person(s) submitting a bid response hereto and the City by and through its officers, employees and authorized representatives, or any other person, natural or otherwise; and lack of knowledge by any bidder shall not constitute a cognizable defense against the legal effect thereof.

PART IV BONDS AND INSURANCE

- 4.01 PERFORMANCE BOND/IRREVOCABLE LETTER OF CREDIT:** If a performance bond or irrevocable letter of credit is required in Special Conditions, the Contractor shall within fifteen (15) working days after notification of award, furnish to the City a Performance Bond or an Unconditional Irrevocable Letter of Credit payable to the City of Fort Lauderdale, Florida, in the face amount specified in Special Conditions as surety for faithful performance under the terms and conditions of the contract. If the bond is on an annual coverage basis, renewal for each succeeding year shall be submitted to the City thirty (30) days prior to the termination date of the existing Performance Bond. The Performance Bond must be executed by a surety company of recognized standing, authorized to do business in the State of Florida and having a resident agent. If a Letter of Credit is chosen, it must be in a form acceptable to the City, drawn on a local (Broward, Dade or Palm Beach Counties) bank acceptable to the City and issued in favor of the City of Fort Lauderdale, Florida. If a Bidder wishes to use a non-local bank, he must have prior City approval of the requirements to draw against the Letter of Credit.

Acknowledgement and agreement is given by both parties that the amount herein set for the Performance Bond or Irrevocable Letter of Credit is not intended to be nor shall be deemed to be in the nature of liquidated damages nor is it intended to limit the liability of the Contractor to the City in the event of a material breach of this Agreement by the Contractor.

- 4.02 INSURANCE:** If the Contractor is required to go on to City property to perform work or services as a result of ITB award, the Contractor shall assume full responsibility and expense to obtain all necessary insurance as required by City or specified in Special Conditions.

The Contractor shall provide to the Purchasing Division original certificates of coverage and receive notification of approval of those certificates by the City's Risk Manager prior to engaging in any activities under this contract. The Contractor's insurance is subject to the approval of the City's Risk Manager. The certificates must list the City as an ADDITIONAL INSURED and shall have no less than thirty (30) days written notice of cancellation or material change. Further modification of the insurance requirements may be made at the sole discretion of the City's Risk Manager if circumstances change or adequate protection of the City is not presented. Bidder, by submitting his bid, agrees to abide by such modifications.

PART V PURCHASE ORDER AND CONTRACT TERMS:

- 5.01 COMPLIANCE TO SPECIFICATIONS, LATE DELIVERIES/PENALTIES:** Items offered may be tested for compliance to bid specifications. Items delivered which do not conform to bid specifications may be rejected and returned at Contractor's expense. Any violation resulting in contract termination for cause or delivery of items not conforming to specifications, or late delivery may also result in:

- Bidder's name being removed from the City's bidder's mailing list for a specified period and Bidder will not be recommended for any award during that period.
- All City Departments being advised to refrain from doing business with the Bidder.
- All other remedies in law or equity.

- 5.02 ACCEPTANCE, CONDITION, AND PACKAGING:** The material delivered in response to ITB award shall remain the property of the Seller until a physical inspection is made and the material accepted to the satisfaction of the City. The material must comply fully with the terms of the ITB, be of the required quality, new, and the latest model. All containers shall be suitable for storage and shipment by